

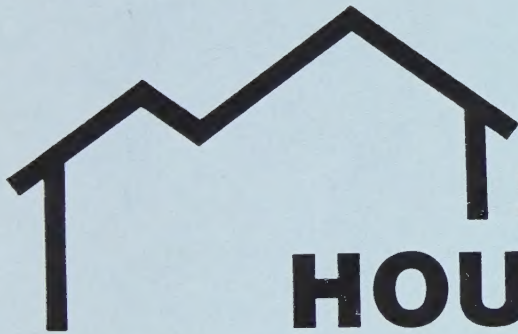
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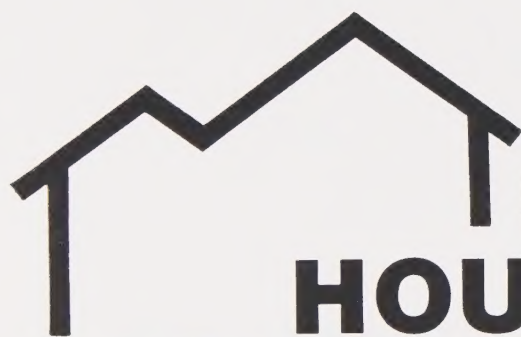
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UNIVERSITY OF CALIFORNIA




Santa Cruz County HOUSING ELEMENT

**Adopted by the Board of Supervisors
JUNE 18, 1985**

A stylized line drawing of a house with a gabled roof and a chimney on the right side.

Santa Cruz County HOUSING ELEMENT

**Adopted by the Board of Supervisors
JUNE 18, 1985**



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HOUSING
ELEMENT

County of Santa Cruz
California

As adopted by the Board of Supervisors
on June 18, 1985

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**SANTA CRUZ COUNTY
HOUSING ELEMENT**

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I. INTRODUCTION

A. PURPOSE & FORMAT OF HOUSING ELEMENT

The Housing Element is written to give County residents and policy makers an understanding of County population and housing trends and community housing needs. Most importantly it provides a blueprint for action to meet these identified needs.

State law requires each city and county to prepare and adopt a general plan to guide the community's development. The Housing Element is one of nine general plan elements mandated by state law, and is required to be consistent with the other eight elements. The contents of the Housing Element are summarized in Section 65563 of the state government code:

"The Housing Element shall consist of an identification and analysis of existing and projected housing needs and statement of goals, policies, quantified objectives, and scheduled programs for the preservation, improvement, and development of housing. The Housing Element shall identify adequate sites for housing, including rental housing, factory-built housing, and mobile homes, and shall make adequate provision for the existing and projected needs of all economic segments of the community."

The County's first Housing Element was adopted in May 1970. The second Housing Element was approved in March 1980.

The 1980 Housing Element provided a gameplan for achieving housing action. Since its adoption the County's affordable housing program has become one of the largest inclusionary housing programs in the nation with over 100 units sold. The County has attracted a number of federally assisted housing developments, partially through the use of a transfer of affordable housing credit program financed by participating market-rate developer. A housing finance agency was created by the County in conjunction with a municipality in Alameda County, and \$13.1 million in low interest bond financing has become available to moderate income Santa Cruz County homebuyers.

On the other hand, many of the measures identified in the 1980 housing element have not yet been implemented and some have fallen far short of their goals. Affordable housing remains a dream for most County residents. The Rental Information and Mediation Service closed its doors in 1983, which increased the burden on the County Office of Consumer Affairs. The amount of density bonuses given to developments with affordable housing is sometimes less than desired by the developer, and the permit process continues to be slower and more complex than hoped for. The inadequacy of public services has delayed market rate and affordable developments alike.

The 1984 Housing Element is a revision of the 1980 element and a rededication of the County to the goals of housing supply, affordability, conservation and equal opportunity. This element includes:

1. An updated analysis of population and housing trends;
2. New information required by state law, most specifically in the area of energy, land inventory, government constraints, and coastal zone housing;
3. A revision of goals, objectives, policies, and programs to reflect adopted County and state policy.

The Housing Element is divided into nine chapters. This first chapter, entitled "Introduction" is designed to put the Housing Element in perspective and to explain the preceeding public participation process.

Chapters II and III discuss the characteristics of the County's population and housing stock. Data in these chapters is presented for the unincorporated County, and for the County as a whole when this is judged to be more appropriate. Data for the adjacent jurisdictions, the state and nation are presented for the purpose of comparison.

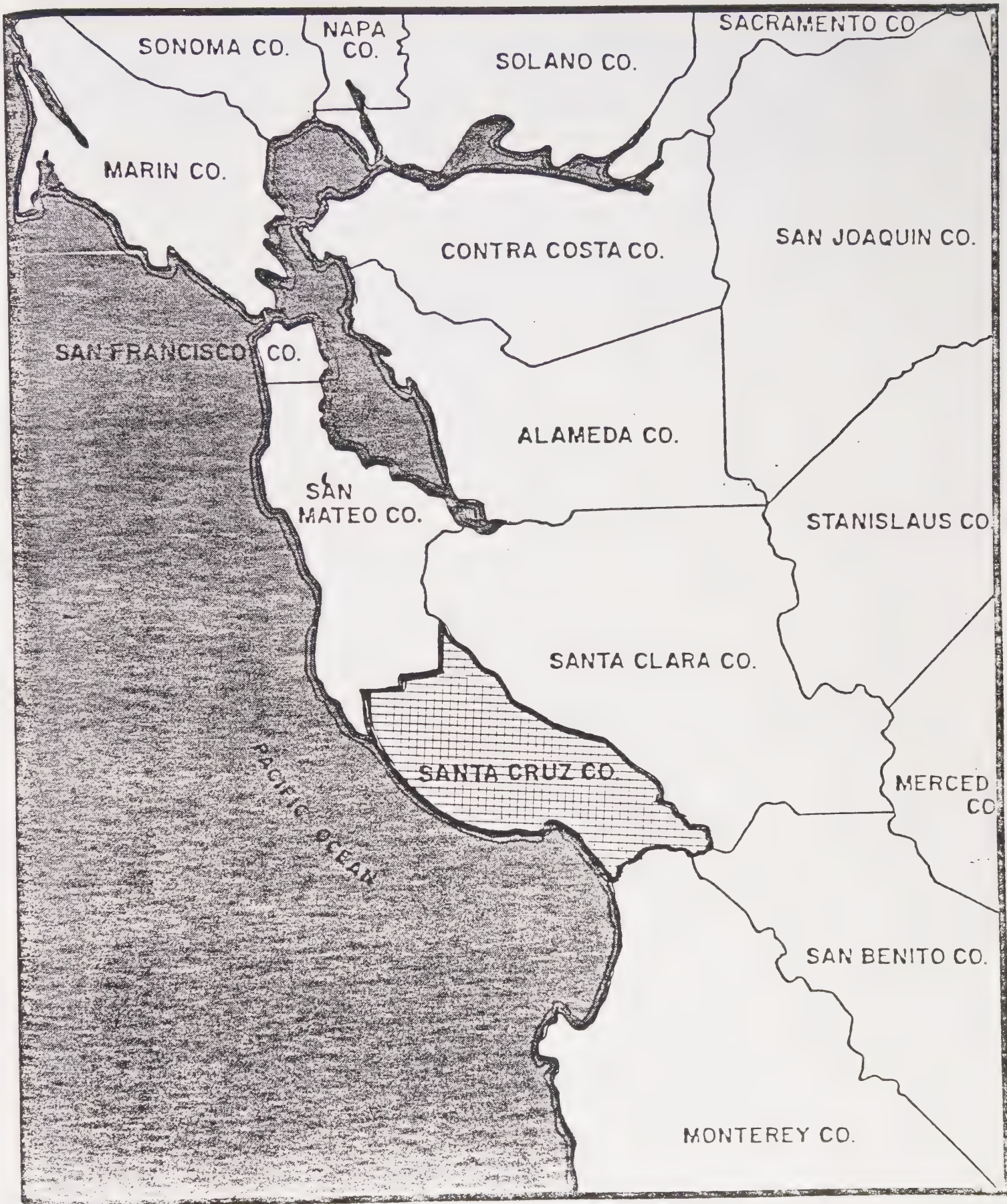
A potpourri of information is included within Chapter IV, "Housing Analysis". It includes projections of population increase, the level of construction needed to meet this increase, and the fair share allocation of lower income households developed by the Association of Monterey Area Governments (AMTAG). It reviews the availability of land which is available for construction, and reviews trends in housing construction and production to the existing stock of affordable housing. Private market and government constraints imposed on housing construction are reviewed. The needs of energy conservation are examined and the special needs felt by minorities, the elderly, handicapped individuals, female-headed families, and farm workers are reviewed. Additionally data on energy conservation and housing need in the County's unincorporated Coastal Zone is provided.

Chapter V utilizes the data presented in previous chapters to conclusively outline the major housing needs requiring community action.

Chapter VI, the "Housing Action Plan", is the heart of the Housing Element. This chapter presents County goals for meeting the needs outlined in Chapter V. Each of these goals is broken into objectives, and more specifically into policies. Housing programs are then outlined which will enable the County to implement these policies. These policies and programs will be the County's guide for housing action over the coming years.

Chapter VII presents the process the County will use to review and appropriately revise the Element. Chapters VIII and IX provide a glossary of terms used in the Element and a bibliography of major sources used in the Element's preparation.

SANTA CRUZ COUNTY LOCATION MAP



E. PUBLIC PARTICIPATION¹

The 1984 Housing Element was approved by the County Board of Supervisors on June 5, 1984. This approval followed a public hearing on that day and on May 22. The Planning Commission, reviewed the document at a May 9 public hearing and had previewed the document on April 11. The Housing Advisory Commission discussed the draft element at public meetings on April 4, April 25, and May 2. All of these meetings were announced to the news media and the public hearings were advertised in public notices. The public was encouraged to participate in all of these meetings.

A major effort was made to include public participation in the preparation of the 1980 Housing Element, upon which the current document is based. The Housing Advisory Commission held nine public meetings between December and March 1980. In addition the Planning Commission held two study sessions and three public hearings in February and March 1980. Many of these meetings were advertised in the two major County newspapers and approximately 350 invitational flyers were distributed to community organizations and interested citizens.

¹ This draft of the Housing Element presupposes the final adoption of this element and the planned adoption process. This section will be rewritten to reflect the process actually taken when this document is finally approved.

II. POPULATION CHARACTERISTICS

A. TOTAL POPULATION

Between 1960 and 1980, the population of Santa Cruz County increased from 84,219 to 188,141 at an annual growth rate of 4.1%. Table II-A-1 presents historic Santa Cruz County population totals. During this same period, population in the State of California increased from 15,710,860 to 23,667,837 at an annual rate of 2.1 percent.

TABLE II-A-1
HISTORICAL POPULATION OF SANTA CRUZ COUNTY AND CALIFORNIA

	<u>1960</u>	<u>'60-'70</u> Annual Growth Rate	<u>1970</u>	<u>'70-'80</u> Annual Growth Rate	<u>1980</u>	<u>'80-'90</u> Annual Growth Rate
Santa Cruz County	84,219	3.9%	123,788	4.3%	188,141	4.1%
California	15,720,860	2.4%	19,957,304	1.7%	23,667,837	2.1%

SOURCE: U.S. Census 1960, 1970 and 1980

The proportion of the population which resided in the unincorporated County increased slightly in these two decades from 51.4% of the total population to 56.9%. This increase, which occurred despite the creation of one new city and annexations to the cities, emphasizes the increasing importance of the unincorporated County in meeting the housing needs of the County.

TABLE 11-A-2
HISTORIC POPULATION OF SANTA CRUZ COUNTY AND CITIES
1960 to 1980

	<u>1960</u>	<u>1970</u>	<u>1980</u>	1960-1980 Annual Growth Rate
Capitola	2,021	5,080	9,095	7.8%
Santa Cruz City	25,596	32,076	41,483	2.4%
Scotts Valley	N/A ¹	3,621	6,891	6.6% ²
Watsonville	13,293	14,569	23,543	2.9%
Unincorporated	43,309	68,444	107,132	4.6%
County Total	84,219	123,790	188,144	4.1%
Percent unincorporated	51.4%	55.3%	56.9%	----

Source: U.S. Census 1960, 1970, 1980

A report from the State Department of Finance showed that the County's population grew to an estimated 201,300 in July 1983. This indicates a 2.1% annual increase over the previous 39 months. This is a slightly more rapid increase than experienced in the state as a whole which experienced a estimated 1.9% annual increase over the same period. This data shows a slowing of the County's population growth, which coincides with the implementation of the County's growth management referendum, "Measure J".

The influx of new residents has played an important role in the total growth. Immigration accounted for approximately 88% of the County's growth from 1970 to 1980, but the proportion of growth attributable to natural increase (more births than deaths) increased steadily from 3.2% in 1973 to 27.7% in 1980.

¹ Scotts Valley was incorporated in 1966

² Scotts Valley's annual growth rate is based on the 1970-1980 period

B. EMPLOYMENT

The unemployment rate in Santa Cruz County has traditionally been high compared to both the state and nation partially due to dependence upon the seasonal agriculture and tourist industries.

The type of employment held by Santa Cruz County residents has changed significantly in the 1960-1980 period reflecting an increasingly urban population. The industry showing the greatest increase in employment over this period is "professional and related services". This grouping includes health educational, legal, and engineering workers. The proportion of workers employed in this grouping increased from 13.1% of all workers in 1960 to 23.8% in 1980. This great increase, which was slightly greater than the statewide increase at least partially reflects the coming of the University of California's Santa Cruz campus. Another significant industrial grouping increasing at a rate greater than County employment in general is "manufacturing of durable goods". Growth in this area is primarily caused by the growth of computer related firms in the County and adjoining Santa Clara County. In 1960 only 8.7% of all County employees were employed in manufacturing of durable goods; by 1980 this proportion rose to 10.2%. In contrast the state proportion dropped from 16.2% to 14.1%. The drop in the statewide rate is due to the decline in heavy industrial employment, which was never a strong presence in Santa Cruz County.

Although the number of agricultural employees increased slightly between 1960 and 1980 its proportion of total employment dropped from 11.5% to 4.2%. This decline was substantially greater than the statewide decline from 4.7% to 3.1%.

Other important industrial employment groupings in Santa Cruz County include retail trade, construction, manufacturing of nondurable goods (especially food related manufacturing), and finance/insurance/real estate.

Commuters traveling out of the County for employment accounted for a sizable 22% of the workforce in 1980. The job destination of 72% of these commuters was Santa Clara County. Monterey County accounted for 14% of the commuters and the San Francisco-Oakland MSA accounted for 9%.

Table II-E-1 shows the major industrial employment groups in the County and state for 1960 and 1980. Table II-E-2 gives more detailed information for all industrial groups for these same years. Table II-E-3 shows the growth of employment in Santa Cruz County. Unlike the first two tables this last table is based on employment within Santa Cruz County, as opposed to employment of County residents, regardless of place of employment.

TABLE 11-B-1
INDUSTRIAL GROUPINGS WITH 5% OR MORE
OF THE TOTAL WORKFORCE BY SIZE:
SANTA CRUZ COUNTY AND CALIFORNIA/1960 & 1980

1960	
SANTA CRUZ	CALIFORNIA
1. Retail Trade (18.3%)	1. Manufacturing/Durable Goods (16.2%)
2. Professional Related Services (13.1%)	2. Retail Trade (15.2%)
3. Agriculture, Forestry, & Fisheries (11.5%)	3. Professional & Related Services (12.7%)
4. Manufacturing/Nondurable Goods (10.1%)	4. Manufacturing/Nondurable Goods (8.4%)
5. Manufacturing/Durable Goods (8.7%)	5. Construction (6.4%)
6. Construction (7.9%)	6. Public Administration (6.3%)
	7. Finance Insurance & Real Estate (5.1%)
1980	
SANTA CRUZ	CALIFORNIA
1. Professional & Related Services (23.8%)	1. Professional & Related Services (20.0%)
2. Retail Trade (19.4%)	2. Retail Trade (16.5%)
3. Manufacturing/Durable Goods (10.2%)	3. Manufacturing/Durable Goods (14.1%)
4. Construction (7.3%)	4. Finance, Insurance, & Real Estate (7.1%)
5. Manufacturing/Nondurable Goods (6.1%)	5. Manufacturing/Nondurable Goods (6.2%)
6. Finance, Insurance, & Real Estate (6.1%)	6. Construction (5.7%)
	7. Business & Repair Services (5.4%)
	8. Public Administration (5.1%)

Source: U.S. Census 1960 and 1980

TABLE II-B-2
TOTAL EMPLOYMENT BY INDUSTRIAL GROUPING
SANTA CRUZ COUNTY AND CALIFORNIA 1960 and 1980

	<u>SANTA CRUZ COUNTY</u>		<u>CALIFORNIA</u>	
	<u>1960</u>	<u>1980</u>	<u>1960</u>	<u>1980</u>
Agriculture, Forestry & Fisheries	3,085/11.5%	3,159/ 4.2%	267,816/ 4.7%	328,884/ 3.1%
Mining	134/ 0.5%	159/ 0.2%	25,973/ 4.6%	42,404/ 4.0%
Construction	2,132/ 7.9%	5,529/ 7.3%	361,691/ 6.4%	601,822/ 5.7%
Manufacturing				
Non Durable Goods	2,724/10.1%	4,616/ 6.1%	475,909/ 8.4%	657,689/ 6.2%
Durable Goods	2,340/ 8.7%	7,755/10.2%	915,201/16.2%	1,502,149/14.1%
Transportation	922/ 3.4%	2,214/ 2.9%	222,913/ 3.9%	456,376/ 4.3%
Communications and other public utilities	855/ 3.3%	1,957/ 2.6%	170,891/ 3.0%	301,486/ 2.8%
Wholesale Trade	807/ 3.0%	2,550/ 3.4%	218,929/ 3.9%	463,561/ 4.4%
Retail Trade	4,929/18.3%	14,759/19.4%	862,801/15.2%	1,756,070/16.5%
Finance, Insurance & Real Estate	1,192/ 4.4%	4,615/ 6.1%	291,349/ 5.1%	759,626/ 7.1%
Business & Repair Services	788/ 2.9%	3,524/ 4.6%	198,244/ 3.5%	574,470/ 5.4%
Private Households	713/ 2.7%	674/ 0.9%	144,342/ 2.5%	83,386/ 0.8%
Other Personal Services	1,217/ 4.5%	1,885/ 2.5%	182,132/ 3.2%	264,850/ 2.5%
Entertainment & Recreational Services	294/ 1.1%	1,408/ 1.9%	81,864/ 1.4%	176,336/ 1.7%
Professional & Related Services	3,528/13.1%	18,125/23.8%	718,387/12.7%	2,127,604/20.0%
Public Administration	1,192/ 4.4%	3,133/ 4.1%	354,008/ 6.3%	543,692/ 5.1%
TOTAL REPORTED	26,882/100.0%	76,059/100.0%	5,663,558/100.0%	10,640,405/100.0%

SOURCE: U.S. Census 1960, 1980

TABLE II-B-3
WAGE AND SALARY EMPLOYMENT^a
WITHIN SANTA CRUZ COUNTY
1972-1982
ANNUAL AVERAGES

	1972	1974	1976	1978	1980	1982
Total, all industries	41,050	45,850	51,000	60,050	54,000	64,700
Agricultural wage & salary ^b	4,350	4,300	4,925	5,800	5,725	5,700
Nonagricultural wage & salary	36,700	41,550	46,075	54,250	58,275	58,900
Mining	75	75	75	75	75	100
Construction ^c	2,000	1,800	1,800	2,550	2,575	1,900
Manufacturing	6,700	7,225	7,775	9,425	9,625	10,600
Durable goods	2,450	2,700	2,850	3,300	3,725	5,000
Nondurable goods	4,250	4,525	4,925	6,125	5,900	5,500
Food	3,225	3,350	3,575	4,500	4,300	4,000
Other nondurables	1,025	1,175	1,350	1,625	1,575	1,500
Transportation & public utilities	1,625	1,850	1,875	1,850	2,100	1,800
Wholesale trade	1,025	1,325	1,350	1,475	1,900	1,900
Retail trade	8,000	9,350	10,925	13,250	14,000	13,900
Finance, insurance & real estate	1,300	1,450	1,875	2,325	2,500	2,500
Services ^d	7,275	8,500	9,400	11,375	12,650	12,900
Government ^e	8,700	9,975	11,000	11,925	12,900	13,400
Federal	325	400	375	350	500	500
State	425	475	525	600	600	600
Local & education ^f	7,950	9,100	10,100	10,975	11,800	12,300

NOTE: Parts may not add to totals due to independent rounding.

SOURCE: State Employment Development Department (EDD), Annual Planning Information: Santa Cruz SMSA 1983-1984

FOOTNOTES FOR TABLE 11-B-3

- e Wage and salary employment is reported by place of work rather than place of residence. It does not include self-employed persons, volunteer workers, unpaid family workers, private household workers, or persons involved in labor-management trade disputes.
- b Does not include farmers and unpaid family workers. The definition of agricultural services has been changed to exclude veterinary services, other animal services, and landscaping and horticultural services (SIC 074, 075, 078). These are now included in services.
- c Construction employment includes employees of construction contractors and operative builders. Does not include force-account or government construction workers.
- c Services employment includes veterinary services, other animal services, and landscaping and horticultural services (SIC 074, 075, 078). Previously these had been included in agricultural employment.
- e Government employment includes all civilian employees of federal, state, and local government, regardless of the activity in which the employee is engaged.
- f Local government includes employees of counties, cities, and special districts. Education includes employees of public schools at both state and local levels.
- s Rounding is to the nearest hundred in 1982.

C. AGE DISTRIBUTION

Great changes occurred in the age distribution of Santa Cruz County residents between 1960 and 1980. The median age in the County dropped from 38.6 years to 30.6 years while the statewide median age remained constant at 30.0 years. The proportion of the population which is 65 years or older dropped from 19.1% to 13.2% while the statewide proportion rose from 8.8% to 10.1%. The proportion of young adults aged 25-34 rose in the County from 9.7% to 20.8% while the statewide proportion rose less slowly from 13.6% to 18.0%.

TABLE 11-C-1
PERCENT OF POPULATION BY AGE GROUPINGS,
SANTA CRUZ COUNTY AND CALIFORNIA
1960 TO 1980

	<u>1960</u>		<u>1970</u>		<u>1980</u>	
	<u>SC</u>	<u>CA</u>	<u>SC</u>	<u>CA</u>	<u>SC</u>	<u>CA</u>
0-14	25.7%	30.3%	23.9%	27.7%	19.5%	21.7%
15-24	10.4%	13.2%	17.5%	17.8%	18.5%	18.9%
25-34	9.7%	13.6%	10.9%	13.4%	20.8%	18.0%
35-44	11.8%	14.5%	10.1%	11.9%	11.1%	11.9%
45-54	11.9%	11.5%	10.8%	11.6%	8.3%	9.9%
55-64	11.5%	8.2%	10.2%	8.6%	8.6%	9.3%
65+	19.1%	8.8%	16.6%	9.1%	13.2%	10.1%
Median Age	38.6	30.0	32.7	28.1	30.6	30.0

Source: U.S. Census 1960, 1970, 1980

Although some Santa Cruz County age groupings had a smaller proportion of the total population in 1980 than they did in 1960 the overall population growth in the County insured that each age grouping continued to gain population. The amount of gain varied from an increase of 383.7% for the 25-34 age grouping to an increase of only 54.3% for the 65 and over grouping.

The large increase in young adults in the population indicates that a large number of households have newly come into the housing market over this time period.

TABLE 11-C-2
AGE GROUPS IN SANTA CRUZ COUNTY,
1960 to 1980

<u>AGES</u>	<u>1960</u>	<u>1970</u>	<u>1980</u>	<u>PERCENT INCREASE 1960-1980</u>
0-14	21,675	29,566	36,656	69.1%
15-24	8,725	21,642	34,768	298.5%
25-34	8,081	13,513	39,068	383.7%
35-44	9,950	12,458	20,886	109.9%
45-54	9,998	13,355	15,575	55.8%
55-64	9,705	12,656	16,272	67.7%
65+	16,085	20,600	24,898	54.8%

Source: U.S. Census 1960, 1970, 1980

TABLE 11-C-3
AGE GROUPS IN SANTA CRUZ COUNTY, BY JURISDICTION
1980

<u>Jurisdiction</u>	<u>Age_Groups</u>							<u>Total Population</u>
	<u>0-14</u>	<u>15-24</u>	<u>25-34</u>	<u>35-44</u>	<u>45-54</u>	<u>55-64</u>	<u>65+</u>	
Capitola	1,313	1,726	2,074	789	660	854	1,679	9,095
Santa Cruz	6,273	10,080	9,208	3,781	2,855	3,360	5,926	41,483
Scotts Valley	1,285	1,259	1,163	872	569	653	1,090	6,891
Watsonville	5,766	4,197	3,732	1,885	1,897	2,245	3,821	23,543
Unincor- porated	22,019	17,506	22,909	13,559	9,594	9,160	12,382	107,129
County	36,656	34,768	39,086	20,886	15,575	16,272	24,898	188,141

Source: U.S. Census 1980

D. MOBILITY

Population mobility is measured by determining the percentage of people who have moved within a specific period of time. This characteristic is important to understand the local housing market as it indicates the extent of housing opportunity. A frequent readjustment in housing insures a closer match between ability to pay and housing prices. The impact of increased costs, through revised rents, are quickly felt in the rental housing market. Similarly, for ownership housing, frequent turnover contributes directly to higher costs as each new owner attempts to include the financing and transactions costs in the price of the unit, and the effects of increased tax assessments are felt.

According to the 1980 Census, over 42% of the population in the County resided in the same house between 1975 and 1979. Of these who moved, 56% moved to their current residence from outside the County. The 1976 Special Census indicated that the largest source of these immigrants is adjoining Santa Clara County. While mobility is generally higher in the County than it is in the state this disparity is due to the County's high rate of rental housing mobility. With a relatively decreasing student population, slower growth rates, reduced construction of apartments, low vacancy rates, high financing rates, and the impacts of Proposition 13 future mobility rates are expected to decline.

TABLE II-D-1
HOUSEHOLD MOBILITY
SANTA CRUZ COUNTY AND CALIFORNIA
1980

Year Household Moved Into Unit	<u>Santa Cruz County</u>			<u>California</u>		
	Owner Occupied Units	Rental Occupied Units	Total	Owner Occupied Units	Rental Occupied Units	Total
1979 - March 1980	13.1%	49.6%	32.1%	14.3%	45.4%	28.0%
1975-1978	27.6%	35.0%	31.4%	29.3%	35.4%	32.0%
1970-1974	18.7%	8.9%	13.6%	18.9%	11.1%	15.5%
1960-1969	20.4%	5.1%	12.4%	21.2%	5.9%	14.5%
1959 or earlier	20.1%	1.5%	10.4%	16.3%	2.2%	10.1%

SOURCE: U.S. Census, 1980

E. INCOME

The median family income in Santa Cruz County rose between 1960 and 1980 to a point where it approximated the statewide average. In 1960 the County median family income of \$5,325 was 21% below the state median income of \$6,726. By 1980 the County median family income of \$21,073 trailed the state median of \$21,537 by a mere 2%. This 1980 County figure, however, continued to lag 8% below the \$26,659 median income in adjoining Santa Clara County. This significant difference indicates that County workers are often disadvantaged in seeking housing in competition with higher paid commuters from Santa Clara County.

TABLE II-E-1
MEDIAN FAMILY INCOMES,
SANTA CRUZ COUNTY, SANTA CLARA COUNTY AND CALIFORNIA
1960 to 1980

	<u>SANTA CRUZ COUNTY</u>	<u>SANTA CLARA COUNTY</u>	<u>CALIFORNIA</u>
1960	\$ 5,325	\$ 7,417	\$ 6,726
1970	9,078	12,456	10,729
1980	21,073	26,659	21,537

Source: U.S. Census 1960, 1970, 1980

Data on median unrelated individual income indicates that people not part of families continued to lag significantly behind statewide averages. The median income from this group was 22% below the statewide figure in 1980. 25.2% of these individuals were living on income below the poverty level in 1980 compared with 19.7% statewide. The fact that only 16.4% of senior unrelated individuals aged 65 and above are below the poverty level indicates that a large proportion of these people are students or other limited income young people.

TABLE II-E-2
MEDIAN UNRELATED INDIVIDUAL INCOMES
SANTA CRUZ COUNTY AND CALIFORNIA,
1960 to 1980

	<u>SANTA CRUZ COUNTY</u>	<u>CALIFORNIA</u>
1960	\$1,594	\$2,037
1970	\$2,205	\$3,221
1980	\$6,395	\$7,982

Source: U.S. Census, 1960, 1970, 1980

Most housing programs define lower income households as those with incomes below 80% of the area median. The Association of Monterey Bay Area Governments (AMEAG) has estimated that 44.3% of the County's households have incomes below this level. The proportion of lower-income households varies significantly among the political jurisdictions in the County as shown on Table II-E-3.

TABLE II-E-3
PROPORTION OF HOUSEHOLDS WITH INCOMES
BELOW 80% OF THE COUNTY MEDIAN
1980

<u>JURISDICTION</u>	<u>PERCENTAGE BELOW 80% OF</u> <u>COUNTY MEDIAN INCOME</u>
Capitola	52.7%
Santa Cruz City	52.2%
Watsonville	51.5%
Scotts Valley	33.2%
Unincorporated	39.3%
County Total	44.3%

SOURCE: U.S. Census, 1980

The proportion of families and individuals below the poverty line in 1980 varied widely between the cities and places in the County as shown on Table II-E-4.

TABLE 11-E-4
FAMILIES & POPULATION BELOW THE POVERTY LINE, SANTA CRUZ COUNTY, 1980

<u>Cities</u>	<u>Families Below The Poverty Line (% of Total Families)</u>		<u>Population Below The Poverty Line (% of Total Population)</u>	
Capitola	269	(11.9%)	1,348	(14.8%)
Santa Cruz	906	(10.1%)	6,303	(15.2%)
Scotts Valley	64	(3.4%)	477	(6.9%)
Watsonville	574	(9.8%)	3,048	(12.9%)
<u>Census Designated Places</u>				
Aptos	125	(6.7%)	729	(10.4%)
Ben Lomond	137	(7.3%)	602	(8.3%)
Boulder Creek	115	(7.7%)	637	(11.3%)
Felton	76	(6.5%)	393	(8.6%)
Freedom	153	(9.6%)	787	(12.3%)
La Selva Beach	20	(4.6%)	132	(8.2%)
Live Oak	305	(11.0%)	1,498	(13.0%)
Opal Cliffs	108	(9.4%)	759	(15.0%)
Rio Del Mar	127	(6.2%)	601	(8.5%)
Soquel	93	(5.6%)	526	(8.5%)
Twin Lakes	111	(11.6%)	737	(16.4%)
<u>County Total</u>	3,040	(8.3%)	22,211	(11.4%)

SOURCE: U.S. Census 1980

F. HOUSEHOLD SIZE

A household is generally defined as those people occupying a separate housing unit, whether a house, apartment, or boarding house. Those residing in rest homes, jails, and dormitories are tabulated under group quarters. The number of households determines the number of housing units required. However, the size and rate of formation of households also determines the size and type of housing needed. For example, Table II-F-1 indicates a dramatic increase in group quarters population from 1960 to 1970, due to the construction of rest homes, convalescent hospitals and University of California dormitories, and a steady decrease in household size. This means that, in terms of housing units required, two opposite trends are at work. Those residing in group quarters reduce the need for the small less expensive units; on the other hand, smaller households particularly between 24 and 34 years of age, means that more new houses are needed to house fewer people. As financial institutions relax lending criteria for female headed households and unmarried households, more smaller households move into the housing market.

TABLE II-F-1
HOUSEHOLDS, GROUP QUARTER POPULATION, & MEAN
HOUSEHOLD SIZE, 1960 TO 1980

	<u>Population</u>	<u>Households</u>	<u>Group Quarters Population</u>	<u>County Mean Household Size</u>	<u>State Mean Household Size</u>
1960	84,219	30,577	1245	2.71	3.10
1970	123,788	44,420	4056	2.70	2.95
1980	188,141	71,793	5950	2.54	2.68

SOURCE: U.S. Census 1960, 1970, 1980

As Table II-F-1 indicates, household size within the County has been declining since 1960 as it has statewide. There are many factors responsible for this decrease: later marrying age, fewer persons marrying, increased divorce rates, fewer and later children, an increased life expectancy resulting in a higher percentage of elderly, and the increased proportion of young adults in the population. The composition of households in the County reflects this trend. Only twenty-nine percent of County households are the stereotypic nuclear family, with a married couple and one or more children.

Recent estimates from the state Department of Finance indicate that we may now be seeing a reversal of the trend toward smaller households. Some observers feel that the trend is now for larger households due to recently declining divorce rates and the high cost of housing. These trends will continue to be followed by staff.

TABLE 11-F-2
HOUSEHOLD TYPES, SANTA CRUZ COUNTY 1980

	<u>With Children Under 18</u>	<u>Without Children Under 18</u>	<u>Total</u>	<u>Percent Of All Households</u>
One person household	N/A	N/A	18,171	25.3%
Married couple family	17,030	20,815	37,845	52.7%
Other family	5,299	3,219	8,518	11.9%
Two or more person non-family household	N/A	N/A	7,259	10.1%
TOTAL	N/A	N/A	71,793	100.0%

SOURCE: U.S. Census 1980

TABLE 11-F-3
HOUSEHOLD SIZE, UNINCORPORATED SANTA CRUZ COUNTY, 1980

	<u>Total Occupied Units</u>	<u>Renter Occupied Units</u>
Occupied Housing Units	40,103	13,244
One person per unit	8,957	3,090
Two persons per unit	14,221	4,377
Three persons per unit	6,902	2,355
Four persons per unit	5,935	1,520
Five persons per unit	2,361	507
Six or more persons per unit	1,727	535
Mean Persons Per Unit	2.62	2.44
1.00 persons per room or less	38,016	12,122
1.01 to 1.50 persons per room	1,183	531
1.50 or more persons per room	902	591
Median persons per unit	2.28	1.71
Persons in occupied housing units	105,302	32,356

SOURCE: U.S. Census 1980

G. ETHNIC COMPOSITION

Santa Cruz County has a larger proportion of its population (80.6%) classified as white than the state as a whole. The one significant minority group in the County are Spanish origin individuals who comprise 14.7% of the total population. Spanish origin households primarily live in the City of Watsonville and the unincorporated areas surrounding the City which are agriculturally oriented. The unincorporated County as compared with the County as a whole is 85.3% white and 10.9% Spanish origin.

Asians account for 3.1% of the entire County population while Blacks and others account for 0.7% and 0.8% of the population, respectively.

Table II-C-1 shows the percent of the population which is white and Spanish surname in the County and the state from 1960 to 1980.

Additional information on racial and ethnic minorities is included in Section IV-J of this Housing Element.

**TABLE II-G-1
POPULATION BY RACE AND ETHNIC ORIGIN
SANTA CRUZ COUNTY AND CALIFORNIA
1980**

Racial or Ethnic Group	<u>Santa Cruz County</u>		<u>California</u>	
	Number	Percent	Number	Percent
White	164,709	87.3%	18,030,895	76.2%
Black	1,461	0.8%	1,819,281	7.7%
American Indian, Eskimo and Aleut	1,515	0.8%	201,369	0.9%
Asian and Pacific Islander	4,983	2.6%	1,283,810	5.4%
Other	15,471	8.2%	2,362,541	10.0%
Total	188,648	100.0%	23,667,902	100.0%
Spanish Origin ¹	27,648	14.7%	4,544,331	19.2%

SOURCE: U.S. Census, 1980

¹ Spanish Origin can be of any race or ethnic group

III. HOUSING CHARACTERISTICS

A. NUMBER OF HOUSING UNITS

The total number of housing units increased from 40,939 in 1960 to 51,215 in 1970 and 79,506 in 1980. The relatively low increase in the decade from 1960 to 1970 is due to a greater utilization of the existing housing stock. The more rapid increase in housing units between 1970 and 1980 slightly exceeds the population increase recorded over the same period. This is an indication of the rapidly increasing young adult population in the County, the decline in the size of households, and the increasing affluence of the population. These factors lead to a higher consumption rate of housing.

Table III-A-1 shows the number of year around housing units in the County and each of the cities within the County between 1960 and 1980.

TABLE III-A-1
YEAR ROUND HOUSING UNITS BY JURISDICTION
1960 to 1980

	<u>1960¹</u>	<u>1970</u>	<u>1980</u>
Capitola	1,354	2,519	4,794
Santa Cruz City	12,041	13,449	17,769
Scotts Valley	N/A ²	1,304	2,751
Watsonville	4,926	5,209	8,651
Unincorporated	22,618	28,734	45,541
County Total	40,939	51,215	79,506

SOURCE: U.S. Census, 1960, 1970, 1980

¹ The data for 1960 is for all housing units, including those which are for seasonal or migratory use.

² Scotts Valley was incorporated in 1966

B. HOUSING TYPE

The housing stock of the county is varied in type and age, including small single-wall summer cabins in the rural areas, typical suburban subdivision 3 bedroom/2 bath detached homes, luxurious second-home condominiums overlooking Monterey Bay, and motels converted to long term occupancy during the winter months. Table III-B-1 provides a statistical description of the current housing stock as well as the changing percentage of each type of housing since 1960.

**TABLE III-B-1
HOUSING UNITS BY TYPE
SANTA CRUZ COUNTY
1960 to 1980**

Housing Type	<u>1960</u>		<u>1970</u>		<u>1980</u>	
	<u>Housing Units</u>	<u>(%)</u>	<u>Housing Units</u>	<u>(%)</u>	<u>Housing Units</u>	<u>(%)</u>
Single Family	35,736	(87.3%)	38,895	(75.9%)	54,451	(68.5%)
Duplex/ Fourplex (2-4)	2,131	(5.2%)	4,803	(9.4%)	7,595	(9.6%)
Apartment (5+)	2,211	(5.4%)	4,311	(8.4%)	11,928	(15.0%)
Mobilehomes/ Miscellaneous	861	(2.1%)	3,206	(6.3%)	5,538	(7.0%)
TOTAL	40,939	(100%)	51,215	(100%)	79,512	(100%)

SOURCE: U.S. Census 1960, 1970, 1980

Santa Cruz County is continuing to become more urban. As this continues the housing stock moves into a mature phase in which multiple units increase relative to single-family dwellings. This process is underway in the County although the sensitivity to interest rates of multi-family unit construction yields a large annual fluctuation in the construction of multi-family units. The proportion of single family dwellings have decreased from 87.3% in 1960 to 68.5% in 1980. This trend has occurred in the urban areas in the state as a whole where single-family dwellings were 72% of the housing units in 1960 and 61% in 1980. Conversely, the percentage of multiple units in the County increased from 10.6% in 1960 to 24.6% in 1980.

A second notable trend is the increase in the number of mobile homes since 1960, 2.1% of the housing stock was mobile homes in 1960, 6.3% in 1970, and 7.0% in 1980. In contrast only 3.6% of housing units statewide are mobile homes. As mobile homes have been primarily limited to mobile home parks, the reduction in supply of larger vacant sites has slowed this trend; since 1976 no new mobile home parks have been approved in the unincorporated County. Mobile homes are, for the most part, located in the cities of Scotts Valley and Capitola and the unincorporated areas of Live Oak and Sequel.

The unincorporated County contains a significantly higher percentage of single family homes compared to the County as a whole. This is due to the fact that the unincorporated County contains many rural and suburban areas. The proportion of the total housing units which are mobile homes in the unincorporated County is just slightly higher than in the County as a whole.

TABLE III-B-2
HOUSING UNITS BY TYPE
UNINCORPORATED SANTA CRUZ COUNTY
1980

<u>Housing Type</u>	<u># of Units</u>	<u>% of Total</u>	<u># of Units Occupied</u>	<u># of Units Renter Occupied</u>
Single Family Detached	33,115	(72.8%)	29,443	6,790
Single Family Attached	1,378	(3.0%)	1,161	751
Duplex	1,664	(3.7%)	1,534	1,062
Triplex and Fourplex	1,654	(3.6%)	1,486	1,194
Apartment (5 or more units)	4,438	(9.8%)	3,525	2,904
Mobile Home	3,259	(7.2%)	2,954	463
TOTAL	43,508	(100.0%)	40,103	13,244

SOURCE: U.S. Census 1980

The 1976 special census conducted in Santa Cruz County by the state Department of Finance listed housing units by number of bedrooms and bathrooms. This information, which is included on Table III-B-2, shows that 58.9% of the housing units in the unincorporated County have 2 or fewer bedrooms and are classified as smaller units; three bedroom units (31.1%),

four bedroom units (7.4%), and five or more bedroom units (1.6%) comprise the balance of the housing stock. The most common unit is the two bedroom one bath unit, followed by the three bedroom two bath unit.

TABLE III-B-3
HOUSING UNIT SIZE AND DESCRIPTION
UNINCORPORATED COUNTY, 1976

Number of Bedrooms and Bathrooms	Percentage of Total Number Of Units
1 bedroom/studio, no bathroom	2.1%
1 bedroom/studio, 1 bathroom	15.5%
2 bedrooms, 1 bathroom	29.8%
2 bedrooms, 2 bathrooms	11.5%
3 bedrooms, 1 bathroom	8.5%
3 bedrooms, 2 bathrooms	22.6%
4 bedrooms, 1 bathroom	1.1%
4 bedrooms, 2 bathrooms	6.3%
5 or more bedrooms	1.6%

SOURCE: State Department of Finance, 1976 Special Census

C. HOUSING TENURE

Tenure refers to the status of a house as either owner-occupied or renter-occupied. A house can be considered owner-occupied even if mortgage payments are still being made; it can be considered renter-occupied even if no cash rent is paid. Ownership status has often been associated with security and permanency but the ideal balance between homeownership and renter occupancy is not known.

The percent of Santa Cruz County housing which is owner-occupied has decreased from 62.2% to 59.5% from 1960 to 1980. This decrease reflects a general statewide trend and mirrors the increase in multi-family dwelling construction and the increasing urbanization of both the County and state. The unincorporated County has a higher homership rate than the County as a whole reflecting both its relative affluence and predominance of single family dwellings. This data is shown in Table III-C-1.

TABLE III-C-1
PROPORTION OF OCCUPIED HOUSING UNITS WHICH ARE
OWNER-OCCUPIED, SANTA CRUZ COUNTY AND CALIFORNIA, 1960-1980

	<u>1960</u>	<u>1970</u>	<u>1980</u>
Capitola	63.7%	55.2%	43.1%
Santa Cruz City	64.0%	53.4%	47.9%
Scotts Valley	N/A [†]	74.3%	74.4%
Watsonville	50.5%	50.8%	50.0%
Unincorporated	73.5%	69.4%	67.0%
County Total	66.5%	62.2%	59.5%
California	58.4%	55.0%	55.9%

SOURCE: U.S. Census 1960, 1970, 1980

[†] Scotts Valley was incorporated in 1966

D. OVERCROWDING AND UNDER-UTILIZATION

Overcrowding occurs when the number of people living in a unit prevents the necessary privacy considerations for the sex and age of family members. Although overcrowding is difficult to define, it is assumed that a housing unit is overcrowded if it is occupied by more than one person per room after excluding the kitchen and bathrooms. In 1980 4,297 households, or 6.0% of all households in the County were overcrowded by this definition. When overcrowding occurs in the range of 1.01 to 1.5 persons per room it may be considered moderate but when it reaches and exceeds 1.51 persons per room it is classified as severe. For example, a house made up of one kitchen, one bathroom, two bedrooms and a living room would be classified as moderately overcrowded if occupied by four persons and severely overcrowded if occupied by five or more persons. A total of 2,052 households, or almost half of all overcrowded households in Santa Cruz County, were classified as severely overcrowded.

Overcrowding most often occurs as a result of low income. Since renter households statistically have lower incomes than owner households, overcrowding is found most frequently among renter households. In Santa Cruz County renters account for 66% of all overcrowded units.

Large households account for a disproportionate portion of overcrowded households. 5.2 people was the average residing in an overcrowded house. Of the 4,297 overcrowded households in the County, 38% were minority occupied.

The unincorporated portion of Santa Cruz County experiences a slightly lower rate of overcrowding at 5.2% of all households, or 2,085 households of which 43% were severely overcrowded.

For comparison purposes 7.4% of all households in the state lived in overcrowded housing in 1980, 47% of these households were severely overcrowded.

Conversely, underutilization of housing occurs when a single individual or small household occupy a home which could better serve the needs of a larger household. Data on this phenomenon is more difficult to find although the 1976 Special Census showed that more than half of one and two person households lived in homes of two and more bedrooms and an equally high proportion of three and four person households lived in homes of three or more bedrooms.

In some cases the underutilization of housing is sought by households with sufficient financial resources to afford a high level of housing consumption. In other cases this mismatch is created by the shrinking of family size which occurs when children grow up and move out.

E. HOUSING AGE

A majority public issue is the physical quality of housing stock within the County. The number of housing units requiring increased maintenance, substantial rehabilitation, or demolition affects not only the health and safety of individual households but also the preservation of desirable neighborhoods and land use patterns.

As new housing stock ages, several processes are said to occur. The structure is vacated by the original upper or moderate income owners when they purchase newer and more expensive housing, and the used unit is passed on to a somewhat lower income purchaser. This process is sometimes termed "filtering" or the "trickle down" effect. Provided that the local population competing for the available units does not increase more rapidly than the net construction of housing (new construction, minus conversions and demolitions), the conventional housing production market will provide housing for lower income households. However, when the demand outstrips the supply, as evidenced by a low "vacant/available for sale" rate, lower income households secure the unit much later in its useful life; and this is the point at which housing repairs are most needed.

The age of the housing stock directly affects overall housing conditions. Structures 25-30 years and older often require repairs for modernization or to correct the results of deferred maintenance. The following table indicates the percentage of housing units of varying ages within the unincorporated County, the County, and the state. It indicates that Santa Cruz County as a whole has a high proportion of dwellings constructed prior to 1940 and since 1970, and a lower proportion built during the 1940s, 50s, and 60s. The housing stock in the unincorporated County is newer than the housing in the remainder of the County, with a significant proportion of units constructed in the 1960s.

TABLE III-E-1
AGES OF HOUSING STOCK
SANTA CRUZ COUNTY and CALIFORNIA

<u>Date Constructed</u>	<u>Unincorporated Santa Cruz County</u>	<u>Santa Cruz County</u>	<u>California</u>
1970 - March 1980	31.6%	31.9%	20.3%
1960 - 1969	25.5%	22.6%	24.0%
1950 - 1959	15.8%	15.4%	21.0%
1940 - 1949	12.0%	11.8%	12.6%
1939 and earlier	15.1%	18.2%	15.3%

SOURCE: U.S. Census 1980

F. HOUSING CONDITIONS

The 1980 Census did not estimate the number of unsound housing units. The 1976 Special Census categorized housing units as either sound or unsound. Based on the results of the 1976 Census, 5.5% of the County's housing stock was not sound, and was either deteriorated, dilapidated, under extensive repair, or unsound due to inadequate original construction.

A housing condition survey, conducted by the County in 1975, indicated a somewhat higher percentage of substandard units in the areas surveyed. Table III-F-1 indicates the findings of the survey; it should be noted that the areas selected are located throughout the unincorporated County, and were chosen as possible target areas for a housing rehabilitation program.

TABLE III-F-1
PERCENTAGE OF UNSOUND HOUSING UNITS BY SURVEY AREA
1975

Area Surveyed	Number of Units Surveyed	Percentage of Units Unsound
Live Oak	1,463	5.7%
Twin Lakes	862	4.7%
Opal Cliffs	1,324	3.8%
Freedom	331	9.0%
Crow's Landing (Corralitos area)	379	15.0%
San Lorenzo Park	20	40.0%
Brookdale	196	29.1%
Wildwood	250	22.1%
Felton Grove	133	27.1%
Zayante/Lompico	639	27.8%
Davenport	73	67.1%
SAMPLE TOTAL	5,700	10.8%

SOURCE: Santa Cruz County Housing Condition Survey, 1975, Santa Cruz County Community Resources Agency (Planning Department).

In actuality, the number of substandard units is probably higher than that indicated by the Census or the County's survey. A thorough and accurate evaluation of housing condition requires an inspection of the interior of the unit by a housing or building inspector, to evaluate such items as substandard wiring, inadequate plumbing, or structurally hazardous conditions, along with an evaluation of individual water supply and sewage disposal system. Had these factors been considered, a greater number of units would have been found to be substandard. A recently released study by the Association of Monterey

Bay Area Governments (AMBAG) estimates that between 10 and 15% of the region's housing stock is deteriorated. Because of the high cost of new housing and the effect Proposition 13 has had on limiting mobility, substantial numbers of units are being rehabilitated and, as this trend continues, a general improvement in the overall quality of the County's housing stock is anticipated.

The County Planning Department conducted "windshield" housing condition surveys of the Freedom, Live Oak, and Davenport communities in 1983 and early 1984. These surveys indicated that the 1975 data may be slightly conservative or that additional deterioration has occurred during the intervening years.

Utilizing all of this data it is estimated that 12% of the unincorporated County's housing stock, or approximately 5500 units, is unsound. Utilizing AMBAG's estimate of the region's housing demolition rate it is estimated that approximately 900 of these units need replacement, while the remaining 4600 can be rehabilitated to livable standards.

G. VACANCY

The effective functioning of a housing market requires a minimum number of vacant units. There must be a reservoir of acceptable housing to permit households to make the housing choice most suited to their needs. The vacancy rate reflects the opportunity for movement or adjustment of a household's consumption of housing. A high vacancy rate implies ease of mobility, reduced overcrowding, lower housing costs, and reduced utilization of substandard, deteriorated or unsafe housing.

The vacancy rate measures the slack in the housing market; as the population of a market area increases, the number of vacant units usually increases proportionately, maintaining a constant percentage. The U.S. Department of Housing and Urban Development (HUD) as well as the State of California Department of Housing and Community Development (HCD) have formulated standards by which the impact of a locality's vacancy rate can be measured. The standards are 5-6% vacant-for-rent and 2-3% vacant-for-sale as indicators of adequate market choice. Vacancy rates below these levels are indicative of a restricted housing market, which tends to push housing prices and rent levels higher and restricts mobility.

Although the County vacancy rate has varied slightly over the past three decades as measured by the census, it has consistently been below the overall state rate. The rates for the County and state as shown in the census are shown in Table III-G-1.

TABLE III-G-1
UNITS VACANT FOR SALE AND FOR RENT
IN SANTA CRUZ COUNTY AND CALIFORNIA
1960 to 1980

	<u>1960</u>		<u>1970</u>		<u>1980</u>	
	<u>#</u>	<u>% of Hsg. Stock</u>	<u>#</u>	<u>% of Hsg. Stock</u>	<u>#</u>	<u>% of Hsg. Stock</u>
<u>Vacant-for-Sale</u>						
Santa Cruz County	468	(1.1%)	380	(0.7%)	1,080	(1.4%)
California		(2.2%)		(1.3%)		(2.3%)
<u>Vacant-for-Rent</u>						
Santa Cruz County	1,081	(2.6%)	900	(1.8%)	1,720	(2.2%)
California		(8.5%)		(5.7%)		(5.1%)

SOURCE: U.S. Census, 1960, 1970, 1980

Another source of data on vacancies in the County is produced annually by the Federal Home Loan Bank (FHLB) of San Francisco. This data shows a wide annual fluctuation in vacancies, primarily due to fluctuation in housing finance. Artificially high vacancy rates occur in those years when adequate mortgage money is not available for the purchase of the new units produced. Although these units are available for sale, they are outside the financial grasp of the prospective housing consumer.

Between 1980 and 1983 the overall vacancy rate in the County, according to the FHLB, rose from 1.3% to 1.7%. The rate for "single family" (detached) units rose from 1.1% to 1.6% and for "multi-family" (attached) units it rose from 1.9% to 2.2%.

Decreasing vacancy rates indicate increased demand for housing. One result of this increased demand is that housing which was previously used only occasionally, such as vacation cottages and cabins, are now used year-round. The number of housing units which are held for occasional or seasonal use has decreased dramatically in the County.

TABLE III-G-2
HOUSING UNITS VACANT SEASONAL, MIGRATORY,
OR HELD FOR OCCASIONAL USE, SANTA CRUZ COUNTY,
1960 to 1980

	<u>1960</u>	<u>1970</u>	<u>1980</u>
Total Housing Stock	40,939	51,215	79,506
Vacant Seasonal, Migratory, or Held for Occasional Use:			
Number	6,758	6,306	4,176
Percent	16.5%	12.3%	5.2%

SOURCE: U.S. Census 1960, 1970, 1980

H. COST

The dramatic increase in the price of housing which occurred in the 1970s was unprecedented for the state and nation; the price increase in Santa Cruz County was even more stunning. The median home price in the County of \$20,000 was slightly below both state and national medians in 1970, but by 1980 the County average of \$99,950 exceeded both the state and national average; the County median exceeded the national average by a whopping \$37,730, or 61%, in 1980.

The increase in sales prices since 1980 has been more modest for the county, state and nation. Between 1980 and 1982 the median price increased 6.1% in the County, 12.1% in the state, and 9.2% in the nation. From 1982 to 1983 the County median sales price increased an even more modest 2.5% to \$108,600. The increase in effective home prices was in many ways actually less than shown in these statistics. Sales of expensive homes are less affected during times of high interest rates, because buyers in this price category have more readily available cash and are in a higher tax bracket, which decreases their after-tax monthly payment. Therefore, a higher percentage of expensive homes sell, distorting the median sales price. In addition many homes were seller-financed with below-market-rate financing, which reduces the effective cost to the purchaser.

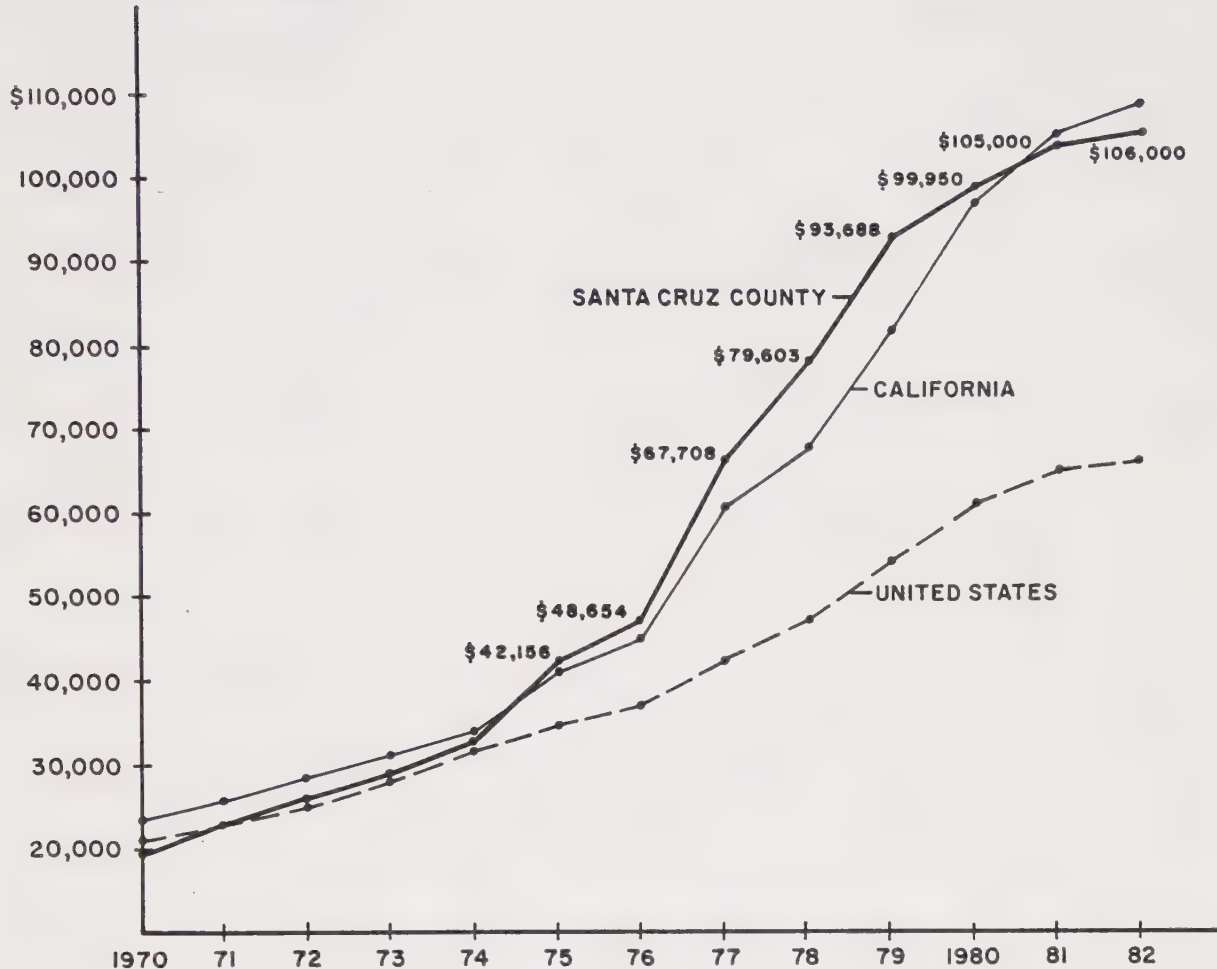
Despite a lessening of home price increases in the last few years, the increases of the 1970s permanently changed the ability of the average resident to afford homeownership.

Table III-H-2 shows an analysis of the affordability of the average Santa Cruz County home in 1970 and 1980. The monthly payments necessary to finance an 80% of sales price mortgage in 1970 were \$124. This monthly cost was affordable to a family with a gross annual income of under \$5,000. The census median County family income of \$9,078 indicates that homeownership was affordable to the great majority of county families. By 1980 the monthly payment necessary to amortize the median priced house had jumped to \$684, requiring a gross annual income of over \$35,000 compared with the 1980 median county family income of \$21,073. No longer could the average family afford the average home.

As a result of rapidly rising prices of homes and financing the expense of homeownership depends mostly on when a house was purchased. Table III-H-3 illustrates this fact. In 1975 elderly and young California homeowners both paid 27% of their income for housing expenses. By 1980 the proportion of housing costs for elderly homeowners dropped to 21% while the proportion for young homeowners rose to 34%.

FIGURE III-H-1

MEDIAN SALES PRICE / EXISTING SINGLE FAMILY HOMES SANTA CRUZ COUNTY, CALIFORNIA & THE U.S. 1970-1982



SOURCE: National Association of Realtors, California Association of Realtors, U.S. Bureau of the Census, California Department of Finance, and Santa Cruz County Board of Realtors.

TABLE III-H-2
COMPARISON OF AFFORDABILITY OF
MEDIAN PRICED SANTA CRUZ COUNTY HOME,
1970 and 1980

	<u>1970</u>	<u>1980</u>
Median Sales Price	\$20,000	\$99,950
Average Interest Rate	8-5/8%	13%
Estimated Down Payment (20% of sales price)	\$ 4,000	\$19,990
Estimated Mortgage Amount (80% of sales price)	\$16,000	\$79,960
Monthly Payment	\$ 124	\$ 884
Required Annual Income*	\$ 4,979	\$35,374
Required Annual Income As % of Median Family Income	55%	168%

SOURCE: Santa Cruz County Board of Realtors MLS surveys, Santa Cruz County Planning Department

In order to purchase their own home, many young households have become financially overcommitted. This was made possible by home financing changes which occurred in the 1970s. These included the ability of new purchasers to assume existing loans and the willingness of sellers to assist in the purchase of a home by providing financing. The vast majority of seller-held loans carry balloon payments in which large principal payments are due within 3 to 6 years. As home prices have not increased in the last few years at previously anticipated rates the refinancing of these balloon loans by investors is questioned. This chain of events has lead to greatly increased foreclosure rates, and according to the Rand Corporation's 1983 study on California's Housing, the possibility of even higher foreclosure rates.

Rents, like sales prices, increased in the 1970s, and leveled off in the early 1980s. Unlike sales prices, however, rents rose at a rate not significantly greater than the consumer price index or County incomes. This comparison is seen in Table III-H-4.

* The required income is estimated as the gross annual income necessary to amortize the estimated 80% mortgage utilizing 30% of monthly gross income. This analysis does not take into account the costs of condominium homeowners association dues, taxes, or insurance. It also does not take into consideration the fact that standard bank underwriting criteria required an income to housing cost ratio of 25% in 1970.

TABLE III-H-3
PROPORTION OF INCOME DEVOTED TO
THE COST OF HOMEOWNERSHIP, CALIFORNIA,
1975 and 1980

Selected <u>Household Groups</u>	Average Ratio, Cash Outlay/Income		1975-1980 Change <u>Amount</u>
	<u>1975</u>	<u>1980</u>	
Elderly (65+)	.27	.21	- .06
Middle-Aged (35-64)	.21	.22	+ .01
Young (under 35)	.27	.34	+ .07
All Others	.23	.24	+ .01

SOURCE: Ira S. Lowry, et al, California's Housing: Adequacy, Availability, & Affordability

TABLE III-H-4
COMPARATIVE COST INCREASES,
1970 TO 1980

	<u>Percent Increase</u>
Median House Price - Santa Cruz County	400%
Median Contract Rents - Santa Cruz County	165%
Consumer Price Index, For Urban Wage Earners and Clerical Workers, All Items, National	112% (est.)
Household Income - Santa Cruz County	132%

SOURCE: Santa Cruz Board of Realtors MLS Annual Summaries; U.S. Census 1970 and 1980; Department of Labor, Bureau of Labor Statistics.

Between 1974 and 1979 the median rent for a 2 bedroom unit in northern Santa Cruz County increased 87% from \$200 to \$375, according to a want-ad survey conducted by the Housing Authority of Santa Cruz County. A follow-up survey conducted by the County Planning Department showed a significant jump in rents in 1980 to \$475 and then a slow rise to \$510 for a two bedroom home in 1984.

These surveys represent only advertised units; as a change in occupancy is frequently the time when rents are increased, it is likely that median rent levels of occupied units are lower and these units may be vacant precisely

because of their higher than average rents. Frequently rental property owners encourage a desirable tenant to remain in a unit, and charge rents based on mortgage costs which are substantially below current levels. Evidence for this can be found by comparing the median 1979 rent of \$375 for vacant two bedroom units in the Housing Authority survey to the median contract rent of \$276 as indicated in the 1980 census.

Lower income, elderly, and single parent renters paid the greatest proportion of their incomes for housing in the state and these statistics are likewise believed to be the case in Santa Cruz County. On the positive side these groups needed to devote a smaller percentage of their incomes to pay housing costs in 1980 than in 1970. Conversely couples with children, middle-aged, and Spanish origin renters, all of whom statistically pay less than the average proportion of their income for rent, increased their rent/income ratio in the 1970s. This convergence of renters expenses is seen on Table III-H-5.

TABLE III-H-5
PROPORTION OF INCOME DEVOTED TO
RENTAL EXPENSES, CALIFORNIA, 1970 and 1980

Selected Household Groups	Average Rates <u>Gross Rent/Income</u>		1970-1980 Change (Amount)
	<u>1970</u>	<u>1980</u>	
Very low income	.66	.60	- .06
Elderly (65+)	.46	.39	- .07
Single parent	.42	.40	- .02
Latin	.28	.32	+ .04
Middle Aged (35-64)	.28	.32	+ .04
Couple with children	.23	.29	+ .01
ALL RENTERS	.32	.33	+ .01

SOURCE: Ira S. Lowery, et al, California's Housing: Adequacy, Availability, & Affordability, p xiii.

For Santa Cruz County the figures underscore that a lower income household needs to expend a greater proportion of their income to cover basic housing costs. The fact that renters generally pay a higher proportion of their income for housing is also seen in census figures. This is likely due to the fact that many lower income homeowners are senior citizens who have modest, or no, mortgage payments and the fact that homeowners generally have higher incomes than renters.

TABLE III-H-6
PERCENTAGE OF INCOME DEVOTED TO
HOUSING COSTS FOR OWNERS AND RENTERS
IN SANTA CRUZ COUNTY, 1980

	<u>Housing Costs As Percentage of Income</u>			<u>Median Percentage</u>
<u>Household Income</u>	<u>25-29%</u>	<u>30-34%</u>	<u>35% & over</u>	
<u>Owners</u>				
under \$10,000	8.1%	-----47.5%-----		28.4%
\$10,000 - 19,999	6.4%	-----27.1%-----		17.0%
\$20,000 & over	9.3%	-----15.4%-----		15.9%
<u>Renters</u>				
under \$10,000	5.6%	7.4%	76.8%	50+%
\$10,000 - 19,999	20.9%	15.0%	23.2%	27.2%
\$20,000 & over	8.8%	3.5%	1.4%	16.9%

SOURCE: U.S. Census, 1980

Data provided within AMBAG's Regional Housing Needs Report indicates that over half of the lower income households in the unincorporated County are paying in excess of 25% of their gross income for housing. This data for the unincorporated County, and the cities within the County, is included in Table III-H-7.

TABLE III-H-7
 LOWER-INCOME HOUSEHOLDS¹ PAYING IN EXCESS OF 25% OF INCOME FOR HOUSING
 SANTA CRUZ COUNTY, 1980

<u>Locality</u>	All Lower Income Households ----- 0 To 80% Of County Median Income	Lower Income Renters Paying In Excess Of 25% Of Reported Income	Lower Income Owners Paying In Excess Of 25% Of Reported Income For Mortgage	Overpaying As A Percent Of All Lower Income Households
Capitola	2,284	1,168	165	58.4%
Santa Cruz	8,683	4,507	890	62.2%
Watsonville	4,212	1,765	364	50.5%
Scotts Valley	853	203	74	32.5%
Unincorporated	<u>15,751</u>	<u>5,462</u>	<u>2,561</u>	<u>50.9%</u>
TOTAL	31,783	13,105	4,054	54%

SOURCE: U.S. Census 1980, AMBAG, Regional Housing Needs Report: 1980 to 1990, March 1984

¹ Households with incomes below \$13,502

IV. HOUSING ANALYSIS

A. POPULATION PROJECTION

The existing and projected housing needs for all income levels in Santa Cruz County are elaborated in a study recently completed by the Association of Monterey Bay Area Governments (AMBAG). This study, entitled the "Regional Housing Needs Report: 1980 to 1990", reviews employment opportunities, the availability of suitable sites and public facilities, commuting patterns, type and tenure of housing need, and the housing needs of farmworkers. Much of the population and housing data contained in this AMBAG study was included in previous chapters of this Housing Element. The AMBAG forecasts of housing need for Santa Cruz County through the year 1990 are included in this section.

AMBAG has projected an overall population increase of 19.4% within Santa Cruz County between 1980 and 1990. The unincorporated County is projected to grow by a slightly slower 19.0%, with the unincorporated share of the total County population dropping from 56.9% to 56.7%. A 2% annual population growth rate for the unincorporated County was estimated for the 1980 to 1983 years; this growth rate is projected to drop to an annual rate of 1.5% for the years 1987 to 1990. The AMBAG forecast, broken down by year and jurisdiction, is shown in Table IV-A-1.

In preparation of a model for forecasting new housing construction needs AMBAG has estimated the change in household size and the amount of the population increase which will be from those residing in group quarters. Overall AMBAG has projected a decrease in household size from 2.54 to 2.45 for the County, and from 2.63 to 2.55 for the unincorporated County¹. This change in household size would result in an increase in the number of households residing in the County from 71,793 to 88,778 or a 23.7% increase; the percent increase forecast in the unincorporated County is 22.5%. These projections are seen on Table IV-A-2.

¹ This large decrease in household size must now be questioned in light of recent state Department of Finance data.

TABLE IV-A-1
HOUSING NEEDS POPULATION FORECAST ALLOCATION TO LOCALITIES
SANTA CRUZ COUNTY 1980-1990

LOCALITY	APRIL 1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	APRIL 1990
Capitola	9,095	9,270	9,350	9,500	9,725	9,950	10,175	10,400	10,625	10,730	10,840
Santa Cruz	41,483	42,120	42,750	43,500	44,100	44,700	45,300	45,900	46,500	46,800	47,000
Scotts Valley	6,891	7,100	7,300	7,350	7,700	8,020	8,340	8,660	8,980	9,150	9,300
Watsonville	23,543	23,900	24,300	24,800	25,700	26,600	27,500	28,400	29,300	29,650	30,000
Unincorporated	107,129	109,285	111,470	113,700	115,860	117,950	119,960	121,880	123,710	125,570	127,450
Unincorporated Share Of Total	56.9%	57%	57.1%	57.2%	57.1%	56.9%	56.8%	56.6%	56.5%	56.6%	56.7%
County Total	188,141	191,675	195,170	198,850	203,085	207,220	211,275	215,240	219,115	221,900	224,590
Annual Growth Rate Total		1.9%	1.8%	1.9%	2.1%	2.0%	2.0%	1.9%	1.8%	1.3%	1.2%
Unincorporated Growth Rate		2.0%	2.0%	2.0%	1.9%	1.8%	1.7%	1.6%	1.5%	1.5%	1.5%

SOURCE: AMBAG, Regional Housing Needs Report: 1980 to 1990, March 1984.

TABLE IV-A-2
FORECAST DISTRIBUTION: SANTA CRUZ COUNTY

	<u>BASE</u> <u>1980</u>	<u>FORECAST</u> <u>1990</u>
1. <u>Capitola</u>		
Population Total	9,095	10,840
Household Population	8,990	10,715
Group Quarters Population	105	125
Households	4,333	5,358
Average Household Size	2.07	2.00
2. <u>Santa Cruz</u>		
Population Total	41,483	47,000
Household Population	38,248	43,335
Group Quarters Population	3,235	3,665
Households	16,617	19,698
Average Household Size	2.30	2.20
3. <u>Scotts Valley</u>		
Population Total	6,891	9,300
Household Population	6,500	8,800
Group Quarters Population	391	500
Households	2,568	3,667
Average Household Size	2.53	2.40
4. <u>Watsonville</u>		
Population Total	23,543	30,000
Household Population	23,151	29,500
Group Quarters Population	392	500
Households	8,172	10,926
Average Household Size	2.83	2.70
5. <u>Unincorporated</u>		
Population Total	107,129	127,450
Household Population	105,302	125,280
Group Quarters Population	1,827	2,170
Households	40,103	49,129
Average Household Size	2.63	2.55
6. <u>County Totals</u>		
Population Total	188,141	244,590
Household Population	182,191	217,630
Group Quarters Population	5,950	6,960
Households	71,793	88,778
Average Household Size	2.54	2.45

SOURCE: AMBAG, Regional Housing Needs Report: 1980 to 1990, March 1984

B. CONSTRUCTION NEEDS FORECAST

ANBAG utilized a simple, three step procedure to calculate new construction needs for the period 1980 to 1990:

- STEP 1:** Using 1990 population forecast determine new units needed.
- a. Adjust for non-household population (group quarters);
 - b. adjust household population total to determine new household formations;
 - c. apply new household formations at the rate of one occupied unit per household to determine new construction need for new household formations.
- STEP II:** Apply a five percent vacancy rate to new construction forecast to provide for freedom of choice and mobility.
- a. Add vacancy allowance to new construction total. (Note: The allowance of a five percent vacancy rate applies only to the need for available units for sale and for rent. No allowance is given for "other vacant" (units held off the market).)
- STEP III:** Allow for removal/replacement rates. Removal rates have traditionally been very low in the Monterey Bay Area. To be consistent with past trends, an annual removal/replacement rate of 0.002 is applied to all localities.

This procedure indicates that a total of 19,424 new housing units are needed during the 1980s, or an increase of 24% of the existing housing stock. The unincorporated County is projected to need 10,388 new units, or an increase in 26%. The results of this forecast are shown in Table IV-E-1.

TABLE IV-E-1
ANBAG NEW CONSTRUCTION NEED FORECAST FOR
SANTA CRUZ COUNTY, 1980 to 1990

	Step 1 Households	+	Step 2 Vacancy Allowance	+	Step 3 Replace ment	=	Total Construction Needs
Capitola	1,025		51		96		1,172
Santa Cruz City	3,081		154		355		3,590
Scotts Valley	1,099		55		55		1,209
Watsonville	2,754		138		173		3,065
Unincorporated	9,026		451		911		10,382
County Total	16,985	+	849	+	1,590	=	19,424

SOURCE: ANBAG, Regional Housing Needs Report: 1980 to 1990, March 1984

Between April 1980 and April 1984, AMBAG estimated a need for housing for 8,731 new residents in the unincorporated County. Assuming AMBAG's procedures with an average households size of 2.63 people, a 5% vacancy factor, and a replacement/removal rate of .002, this would amount to a need for 3,850 new housing starts*. Over the January 1980 to December 1983 period the County's growth management system allowed an allocation of 3,932 building permits; according to Security Pacific National Bank 3520 housing units were actually constructed between January 1980 and December 1983.

For the last half of the decade, 1985 to 1990, the AMBAG estimated decrease in the unincorporated County growth rate, as seen in Table IV-A-1, would mean an annual average construction need of approximately 978 units in the unincorporated County. Over a five year period this would amount to a new construction need of 4,890 units. If household size increases, as is indicated in recent state Department of Finance data, fewer housing units will be required to house the County's population.

* An estimated 3,320 new units are needed to house the projected new households. The 5% vacancy rate adds a need for 166 units and the .002 replacement removal rate, applied to the existing housing stock, adds a need for 364 new units.

C. FAIR SHARE DISTRIBUTION

In making the allocation of regional housing needs an attempt must be made to "avoid further impactation of localities with relatively high proportions of lower income households." (California Government Code Section 65584). To accomplish this goal AMBAG has used a fair share distribution concept. This concept is based upon the notion that lower income households should not be concentrated within a single jurisdiction or defined geographic area. Lower income households are forecasted to be proportionate to the current level of lower income households as measured in the 1980 census for the Monterey Bay area. The allocation of lower income households to each locality is based upon the current (1980) regional distribution as follows:

AMBAG MONTEREY BAY AREA REGIONAL DISTRIBUTION OF LOWER INCOME HOUSEHOLDS

<u>ALL HOUSEHOLDS</u>	<u>LOWER INCOME</u>	<u>PERCENT</u>
167,527	69,225	41.3%

Using this distribution as a criterion for avoiding further impactation, the number of lower income households allocated to each locality for April of 1990 will be 41.3% of all households expected to reside. Forty-one point three percent becomes the regional "fair share" distribution factor and is calculated for each locality on Table IV-C-1.

TABLE IV-C-1
FORECAST DISTRIBUTION OF LOWER INCOME HOUSEHOLDS
SANTA CRUZ COUNTY, 1980 TO 1990

<u>LOCALITY</u>	<u>ACTUAL 1980 HOUSEHOLDS</u>			<u>FORECAST 1990 HOUSEHOLDS</u>		
	<u>Lower Income</u>	<u>All Others</u>	<u>Lower Income %</u>	<u>Lower Income</u>	<u>All Others</u>	<u>Lower Income %</u>
Capitola	2,284	2,049	52.7%	2,213	3,145	41.3%
Santa Cruz	8,683	7,934	52.3%	8,135	11,563	41.3%
Scotts Valley	853	1,715	33.2%	1,514	2,153	41.3%
Watsonville	4,212	3,960	51.5%	4,512	6,414	41.3%
Unincorporated	15,751	24,352	39.3%	20,290	28,839	41.3%
County Total	31,783	40,010	44.3%	36,664	52,114	41.3%

SOURCE: AMBAG, Regional Housing Needs Report: 1980 to 1990, March 1984

The ten-year forecasted household increase for Santa Cruz County is 16,985, a 23.7% growth. The allocated lower income household increase is 4,881, a 15.4% increase. This level of allocation would bring the County into conformance with the regional fair share distribution of 41.3% lower income households. The allocated lower income household increase in the unincorporated County is 28.8% compared to a forecasted 22.5% increase in the total number of households.

This fair share allocation would mean that half of the new units to be constructed in the unincorporated County would need to be affordable to households with incomes below 80% of the County median income. Although this result is impossible for the County or any other jurisdiction to meet, considering housing cost trends, the County will make all feasible efforts to increase the stock of affordable housing as outlined in this Housing Element.

D. LAND INVENTORY

Santa Cruz County has in the last several decades made a major transition from a predominantly rural community to an urban one. Despite this change the greatest proportion of the County's 440 square miles is devoted to rural uses. Two thirds of the County is considered to be forest land by the U.S. Department of Agriculture, and approximately 70,000 acres are devoted to agricultural uses.

Residential development has been concentrated in and around the cities of Capitola, Santa Cruz, Scotts Valley, Watsonville and in the unincorporated mid-county communities of Live Oak, Soquel, and Aptos. It is these areas, defined by the County's Urban Service Line, that urban services and facilities exist: sewers, public water, adequate roads and transit, fire protection, and proximity to stores, schools, hospitals, parks and jobs. The voter-approved Growth Management System mandated that urban growth take place in this area. Since 1979 approximately two-thirds of all building permits within the unincorporated county have been allocated within the Urban Service Line.

The construction of single family homes in the mountainous areas of the County have been the preference of many. A sizable proportion of these homes have been constructed near the San Lorenzo Valley communities of Felton, San Lomond, and Boulder Creek.

1. PLANNING AREA BUILDOUT

The County projects that the majority of new homes in the County will continue to be constructed in the urbanized portions of the unincorporated County. In order to assess the capability of these areas to absorb more growth, the Santa Cruz County Planning Department, in September 1983, completed a study of the total number of housing units which could be constructed within the unincorporated urban service line. The majority of the unincorporated urban service line is contained in four planning areas: Live Oak, Aptos, Soquel, and Pajaro Valley, (near the city of Watsonville). Additionally, small portions of the Carbonera and Aptos Hills Planning areas are within the urban service line. Within the urbanized portions of these planning areas the maximum buildout allowed by existing general plan densities would be for 36,524 units. In 1983, 22,313 units were estimated to exist within these areas, indicating 61% of buildout. The urban portion of these planning areas therefore continue to have the potential for over 14,000 new dwelling units, which is a figure significantly in excess of the number of new housing units projected by AMBAG between 1985 and 1990. These areas are estimated to include sufficient parcels to meet the projected land use needs for single and multi-family housing construction and for rental and ownership housing. Manufactured housing is allowed on single family lots or on parcels appropriately zoned for mobile home parks.

The areas in the County outside of the urban service line have an estimated buildout of 28,315 units. As 20,100 units are currently estimated within the rural areas a building potential of 8,212 units exist. As mandated in the General Plan, these dwelling units will primarily be single family detached homes. Table IV-D-1 lists data for these planning areas.

TABLE IV-D-1
UNINCORPORATED SANTA CRUZ COUNTY BUILDOUT
1984 to 1990

Planning Area	General Plan Allowed Buildout	1983 Residential Units (% Buildout)	Building Potential
Aptos*	11,034	7,031 (64%)	4,003
Aptos Hills	2,021	1,335 (66%)	686
Bonny Dcon	1,296	834 (64%)	462
Carbonera	4,905	2,780 (57%)	2,125
Eureka Canyon	2,339	1,428 (61%)	911
La Selva	1,484	1,015 (68%)	469
Live Oak*	14,026	8,981 (64%)	5,045
North Coast	537	198 (37%)	339
Pajaro Valley*	5,596	3,468 (62%)	2,218
Salsipuedes	457	178 (39%)	279
San Andreas	1,074	821 (76%)	253
San Lorenzo Valley	10,778	9,120 (85%)	1,658
Skyline	1,699	871 (51%)	828
Soquel*	5,110	2,777 (54%)	2,333
Summit	2,480	1,576 (64%)	904
TOTAL	64,836	42,413 (65%)	22,513

* The majority of parcels within these planning areas are located within the urban service line and are zoned for urban densities. Multifamily housing and mobile home parks are most appropriate in these planning area which contain 60% of the surveyed building potential.

SOURCE: Santa Cruz County Planning Department

The draft Public Services Report completed in November 1983 by a consultant in conjunction with the County Planning Department identified deficiencies in the urban services needed to keep pace with urban growth. The report presented a number of policy options and program alternatives which the County is currently evaluating. These include capital improvement planning, funding and program alternatives for resolving urban service deficiencies, and a reduction of urban area growth rates. The County is currently in the process of preparing a Capital Improvement Plan which will identify specific projects needed and potential funding sources. This plan will be presented to the Board of Supervisors for approval in mid 1985. Additional studies and research may also be authorized.

2. URBAN SERVICE AREA VACANT PARCEL SURVEY

The Planning Department has completed a survey of vacant parcels within the Urban Service Line which are at least two acres in size and which might be appropriate for housing development, and particularly the development of affordable housing. Thirty-four sites, with a building capacity potential in excess of 2600 units, are now included in this survey, which is attached as an appendix to the Housing Element. Twenty of these sites are currently designated for multiple family residential and it is estimated that many of the remaining sites can be redesignated for multiple family. Mobile home parks can be located on any multiple family residential parcels.

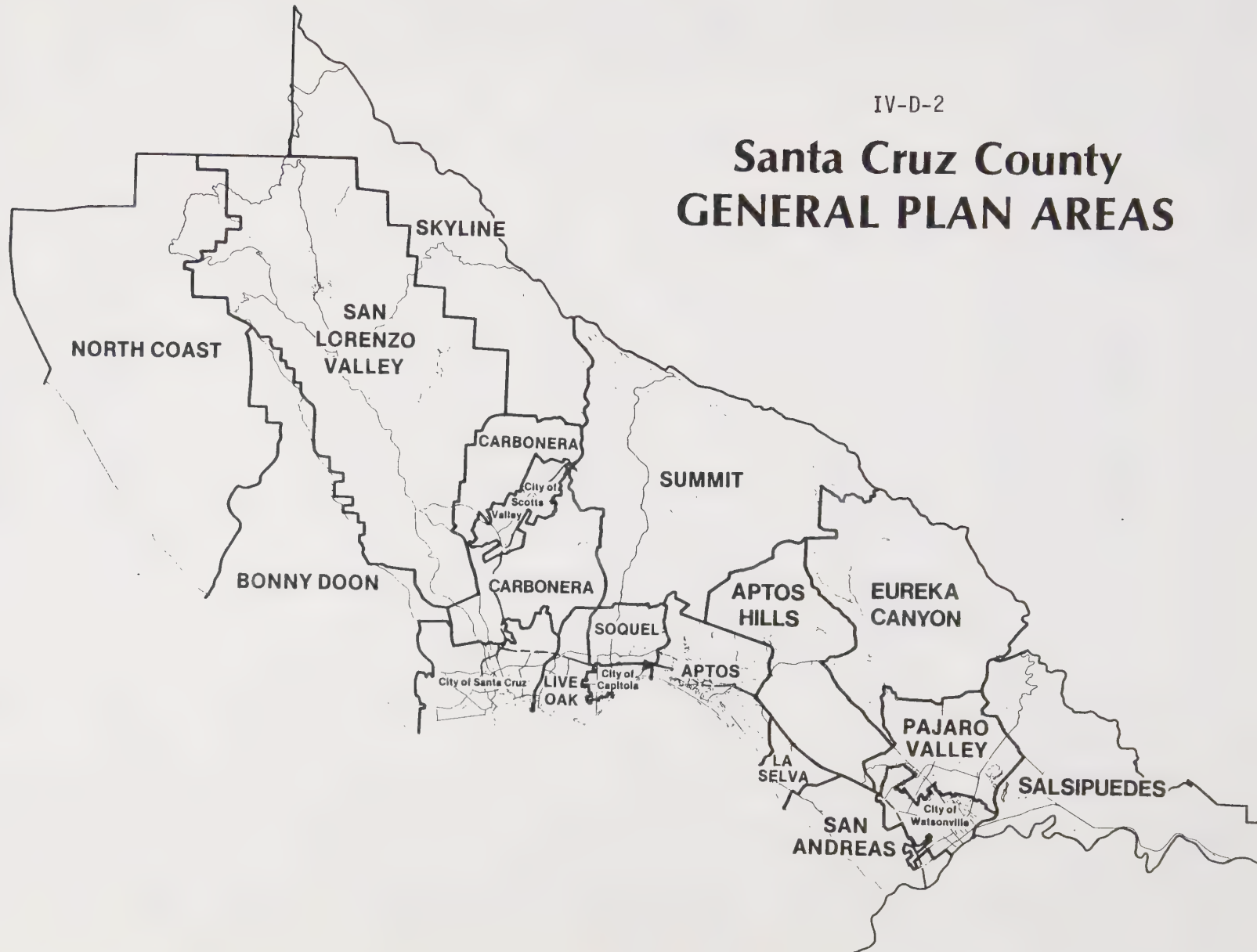
Included in this survey are those sites which the County has designated as priority affordable housing sites through the Local Coastal Plan process. The designated, or "Circle H", sites are viewed as prime sites for federally assisted lower cost housing. If no housing assistance is available at the time of site development at least 35% of the units built must be affordable to low or moderate income households.

3. RESIDENTIAL REDEVELOPMENT POTENTIAL

The unincorporated County contains many undeveloped parcels which are available for residential development. These undeveloped parcels are deemed to be the most appropriate locations for new housing. Additionally a significant number of parcels exist within the Urban Service Area where the general plan land use element and zoning would allow higher densities than currently exist. These parcels will be redeveloped on a site by site basis. No large areas of blight exist in the unincorporated county requiring large scale renewal or redevelopment.

IV-D-2

Santa Cruz County GENERAL PLAN AREAS



E. CONSTRUCTION TRENDS

Residential building permits reflect the cyclical patterns of prosperity and recession in the national and local economy. This pattern is clearly seen in Table IV-E-1 and Figure IV-E-2.

The state appears to be leaving the deepest housing depression in recent memory. In mid-1983 California Business magazine stated that "... from the looks of the early part of 1983, things may have finally gotten as bad as they are going to get, at least for this recession ... 1983 should give many in the housing industry a chance to breathe again ... but not too deeply".¹ By March 1984 the Construction Industry Research Board was boasting a statewide construction spurt which was the biggest since 1978.²

A comparison of County and state construction trends are showing several important differences. Single-family construction has accounted for a greater proportion of residential construction in Santa Cruz than statewide. This is particularly true prior to 1978 when home prices were in their most inflationary period. This difference is due primarily to the nature of the County housing market which traditionally has been more rural and suburban than the state as a whole.

Another difference is the relative strength of the Santa Cruz market in the 1979-1982 period and the relative weakness of the Santa Cruz market in 1983 and 1984. A major reason for the early local strength is a result of growth management policies of the County and the City of Santa Cruz. The State Employment Development Department noted that "legally mandated growth limitations, restrictions on water and sewer hookups have pent up demand. This demand has and will continue to buffer the effects of the money market on residential building".³ By 1983 this pent up demand had been primarily satisfied. During this same time the Santa Cruz economy was suffering from massive layoffs within new high tech portion of the local economy.

The County's growth management program emphasizes that urban growth should be concentrated in urban areas. The relative strength of multiple family construction in the County is partly a result of this policy, as building permits are more readily available on urban parcels appropriate for multi-family residential construction. The great fluctuations in multi-family construction are due to the small number of units constructed in the County compared to the state as a whole.

¹ Robert M. Burke & Michael T. Harris, "Real Estate, Our Second Annual Analysis, Part 1: Residential", California Business, June 1983, p 49.

² San Francisco Examiner & Chronicle, "A report on healthy building activities in the state", April 1, 1983, Homes Section, p 6.

³ California Employment Development Department, Annual Planning Information, Santa Cruz Standard Metropolitan Area, 1983-1984, p 14.

TABLE IV-E-1
NEW DWELLINGS AUTHORIZED BY PERMIT,
SANTA CRUZ COUNTY & CALIFORNIA
1970 to 1982

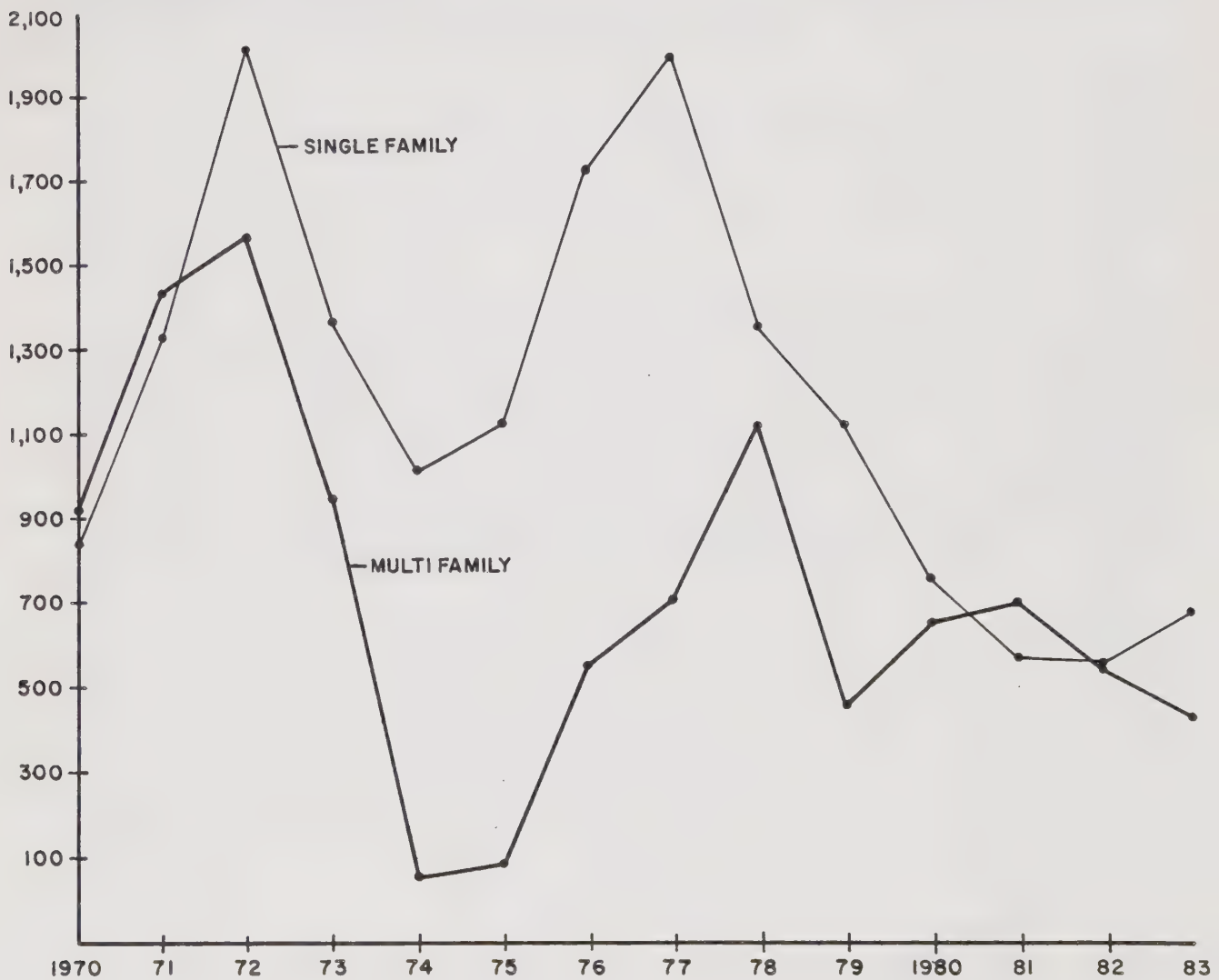
	<u>California</u>		<u>Santa Cruz County</u>		<u>Unincorporated</u>	
	<u>Number</u>	<u>% Single Family</u>	<u>Number</u>	<u>% Single Family</u>	<u>Number</u>	<u>% Single Family</u>
1970	195,692	36.5	1,773	48.0	N/A	N/A
1971	256,989	44.1	2,752	48.0	N/A	N/A
1972	279,670	44.4	3,606	56.4	N/A	N/A
1973	216,079	47.5	2,306	59.0	N/A	N/A
1974	129,229	59.0	1,118	91.9	N/A	N/A
1975	131,732	68.2	1,289	91.4	N/A	N/A
1976	221,940	63.2	2,328	76.7	1,417	83.8
1977	270,640	64.6	2,654	73.2	1,663	84.4
1978	243,805	58.1	2,460	54.5	1,220	76.9
1979	210,078	60.7	1,597	71.1	1,016	78.8
1980	144,904	59.8	1,407	53.6	1,087	57.1
1981	104,923	57.1	1,272	44.9	1,000	43.6
1982	84,018	59.2	1,102	50.5	795	58.0
<u>1983</u>	<u>168,358</u>	<u>59.0</u>	<u>1,106</u>	<u>61.6</u>	<u>638</u>	<u>74.6</u>
<u>1984*</u>	<u>169,849</u>	<u>50.0</u>	<u>855</u>	<u>60.1</u>	<u>389</u>	<u>92.3</u>

* Data for 1984 is only for the period January to September

SOURCE: Security Pacific National Bank

FIGURE IV-E-2

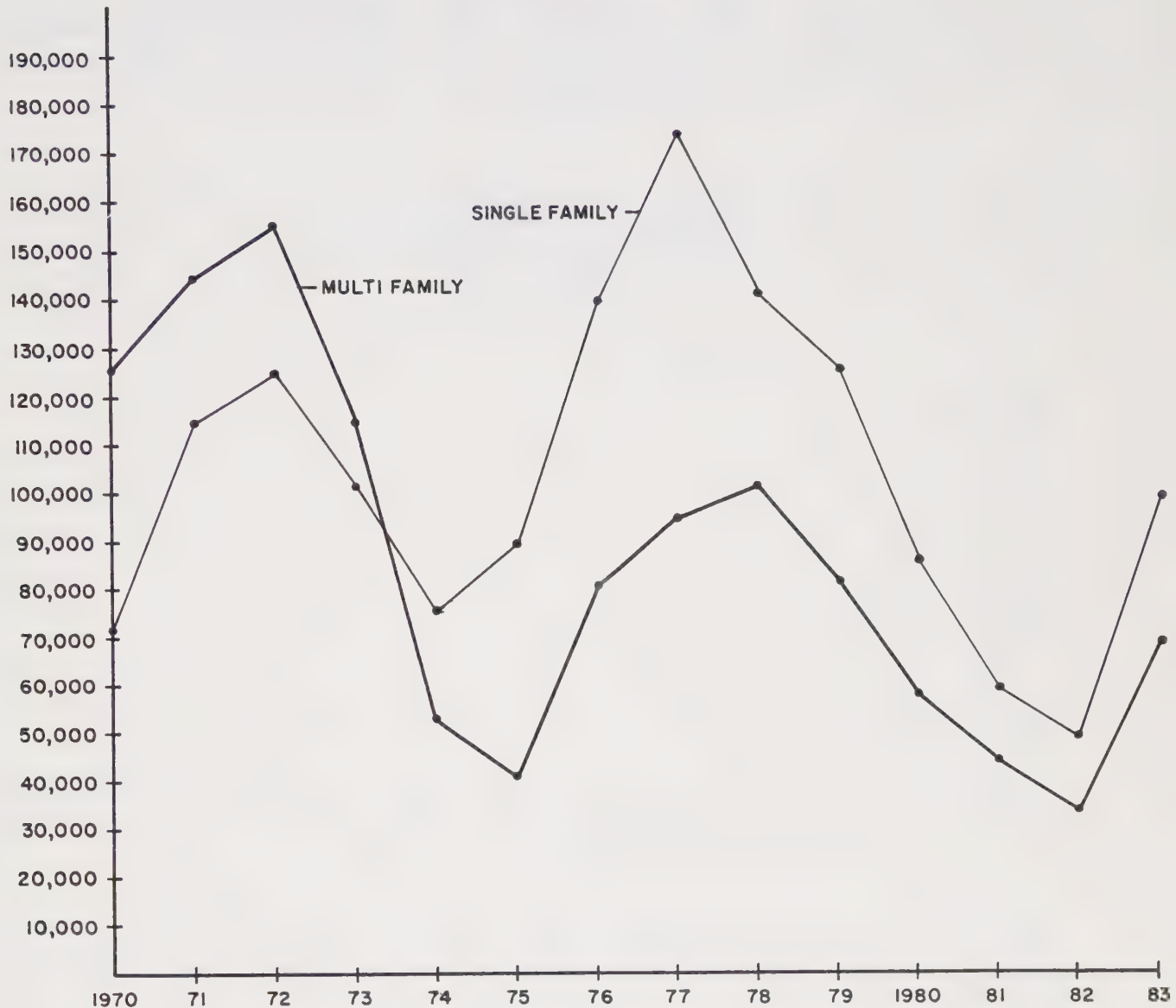
NEW DWELLINGS AUTHORIZED BY PERMIT SANTA CRUZ COUNTY · 1970-1983



SOURCE: Security Pacific National Bank

FIGURE IV-E-3

NEW DWELLINGS AUTHORIZED BY PERMIT CALIFORNIA · 1970-1983



SOURCE: Security Pacific National Bank

F. REDUCTIONS IN AFFORDABLE HOUSING SUPPLY

The County's supply of affordable housing is reduced through conversions of apartment complexes to condominiums, the demolition of affordable units, and the trickling up of affordable housing to higher income groups through renovation. On the other hand some housing drops down the economic ladder with age and wear in accord with the standard "trickle down" theory.

Between 1977 and 1982 a total of 74 conversions were approved within the unincorporated County, one was approved in the City of Santa Cruz and five in the City of Capitola. These 80 conversions involved 462 units, 268 of which were located in the unincorporated County.

TABLE IV-F-1
CONDOMINIUM CONVERSION APPROVALS
SANTA CRUZ COUNTY
1977 to 1982

	<u>Number of Conversions</u>	<u>Units Involved In Conversions</u>
Capitola	5	192
Santa Cruz City	1	2
Scotts Valley	0	0
Watsonville	0	0
Unincorporated	74	268
COUNTY TOTAL	80	462

SOURCE: City and County Building Department data as tabulated within Ramseyer, Zerbst & Company, Inc., Market Feasibility Study for Santa Cruz-Hayward Housing Finance Agency, 1982.

A large number of the conversions involved "paper conversions" of new apartment complexes under construction. These conversions did not reduce the stock of affordable housing as the developers of these complexes planned them to be for-sale units.

The largest conversion within the unincorporated County is Swan Lake Apartments. This complex of 164 units was approved for conversion with the condition that all converted units be available for sale or rent to low and moderate income households through the County's affordable housing program. Once sold these units will carry resale restrictions limiting price escalation for a 30 year period. One other unincorporated conversion, Arana Creek Residential, carried the condition which limited its 23 units to lower income rentals through the County Housing Authority.

The largest conversion within the City of Capitola was the conversion of Las Flores Apartments to the Villas of Capitola. The 172 condominiums within the Villas have been marketed primarily to first time homebuyers with the assistance of bond financing through the Santa Cruz-Hayward Housing Finance Agency. The price range started from \$53,950 for a one bedroom unit to \$86,950 for a three bedroom unit.

Few residential units are demolished or converted to non residential uses within Santa Cruz County. Within the fifteen month period from January 1983 through March 1984 a total of 28 dwelling units received demolition permits within the unincorporated County. The majority of these demolitions were made to allow for the construction of new dwelling units, often at an increased density. Three residential units were converted to other uses.

The number of residential units which are rehabilitated or renovated into higher income residences is impossible to gauge although it is occurring, particularly in highly desirable beach and mountain locations. On the other hand another group of residences are trickling down to lower income residences although the exact number of housing units involved is unknown. The leveling of sale price and rent levels as seen in Section III-H seem to indicate that these two forces are cancelling out each other.

G. MARKET CONSTRAINTS

The major constraints imposed by the private market involve the direct and indirect cost of developing housing, speculation, and the continuing costs of financing.

The direct costs of housing construction are land, site preparation, labor, and materials. The indirect costs are primarily financing, marketing, escrow, and profit. The Construction Industry Research Board (CIRB) surveyed development projects in 1970 and 1976 to estimate the share of major cost components of a new 1,600 square foot California single-family home. The CIRB updated these estimates for 1978 and 1980. This data, which is included in Table IV-G-1, shows a significant increase in all cost components between 1970 and 1980 resulting in a tripling of housing cost. The proportion of the sales price which is attributed to labor and materials has dropped from 56% in 1970 to 42.5% in 1980. This is a continuation of a trend: labor and materials were estimated at 69% of a home's cost in 1949 by the National Association of Homebuilders. All other components have increased in their share of the final price. Interim financing increased by 465%, the greatest percentage over the 1970-1980 period.

A look at these components indicates where cost savings could theoretically be made. Smaller lot sizes could reduce the cost of land. Additional use of modular and prefabricated housing materials might lower labor costs. Decreased government requirements may lessen the cost and quality of materials.

TABLE IV-G-1
CHANGES IN SHARE OF MAJOR COST COMPONENTS
FOR A NEW SINGLE FAMILY HOUSE
CALIFORNIA, 1970-1980

Cost Component	1970		1976		1978		1980 (Approx.)**		% Change (1970-1980)
	Cost	% Distrib.	Cost	% Distrib.	Cost	% Distrib.	Cost	% Distrib.	
Construction									
Labor	\$ 6,560	20.9%	\$11,020	18.6%	\$12,900	17.2%	\$14,850	15.5%	+126.4%
Materials	11,020	35.1	17,980	30.4	21,600	28.8	25,920	27.0	+135.2
Improved Land	6,600	21.0	14,800	25.0	20,100	26.8	26,700	27.8	+304.5
Financing (interim)	2,040	6.5	5,000	8.5	7,200	9.6	11,530	12.0	+465.2
Overhead & Profit*	3,770	12.0	7,400	12.5	9,300	12.4	12,200	12.7	+223.6
Other*	1,410	4.5	2,900	4.9	3,800	5.1	4,800	5.0	+240.4
Total	\$31,400	100.0%	\$59,100	100.0%	\$74,900	100.0%	\$96,000	100.0%	+205.7%

57

NOTE: The above relates to a 1,600 square foot home with the same site size in 1970 as in 1978. It shows what may be described as a composite for the state; wide variations in price and land costs will be found among specific communities.

* Overhead, profit and other costs are residual estimates remaining after determination of construction, land, financing, and total costs.

** 1980 approximated by Construction Industry Research Board based on partial data.

SOURCE: 1970 data and 1976 data estimated by Construction Industry Research Board based on survey of development projects.
1978 data estimated by Construction Industry Research Board.

In a study completed for the California State Assembly, The Rand Corporation concluded that the rapid rise of home prices in the 1970s was not, however, a result of increasing costs but of speculation:

"The rapid run-up of home prices between 1974 and 1980 reflects a . . . demand, not for shelter but for homeownership as a speculative investment. . . . those who bought homes during the early 1970s benefitted greatly from subsequent increases in the market values of their properties. The evidence of such gains encouraged increasing numbers of Californians to enter the market as either buyers or sellers or both; and the rush to buy drove prices up further, confirming buyers in the wisdom of their investments".¹

This Rand Corporation analysis therefore identifies the practice of speculation as a significant market constraint on the availability of affordable housing.

The continuing role of financing in contributing to housing availability and cost also needs to be more thoroughly examined. If the cost of interim or construction, financing is too great, a developer will not be able to afford a construction loan and will be unable to build. If the cost of permanent mortgage financing is too great, few are able to purchase and units will sit on the market. The effect of financing on housing costs is graphically seen in Table III-H-2 which shows that an increase in mortgage interest rates from 8-5/8% to 13% increased the effective monthly cost of a home by 70%. A moderate income family earning \$25,000 a year can purchase a home selling for \$90,000 assuming a mortgage payment/gross income ratio of 33%, a \$10,000 down payment, and a 8-5/8% interest rate. If the interest rate rises to 13% this same family will not be able to afford a home selling for more than \$67,000.

The crisis created by rising financing costs has forced those involved in the housing market to seek or provide alternate financing. The Carpenters Pension Fund has to date entered into at least two agreements providing construction loans to developments in the unincorporated county utilizing union labor. The County helped form a housing finance agency to provide below market rate fixed rate bond financing for first time home buyers. Commercial banks and savings institutions boast of graduated payment mortgages and adjustable rate mortgages which decrease the cost of borrowing in the initial years. Developers "buy down" the cost of a loan for the first 3 or 5 years of a loan in order to qualify a purchaser and selling homeowners provide no interest second mortgages with balloon payments due in five years.

While some methods of innovative financing have truly lowered the cost of housing others carry with them the potential for future problems. The Rand Corporation, in a study for the State Assembly, identified the existence of billions of dollars of balloon payment loans as a major housing problem. They warned that unless the housing market changes, foreclosure rates may skyrocket.

In summary, it is obvious that housing availability and cost is influenced by a great number of market constraints. Only by understanding these constraints can the County act positively to help meet the community's housing needs.

¹ Lowry, Ira S., et al, California's Housing: Adequacy, Availability, & Affordability, 1983

H. GOVERNMENT CONSTRAINTS

County actions can inadvertently or unexpectedly constrain the expansion of housing opportunities. Environmental standards protecting riparian corridors, for example, may reduce the supply of housing while preserving a desirable feature of the urban environment. Government constraints operating in Santa Cruz County can be broken into six basic components: growth management, land use and development controls, the development approval process, fees and permits, building codes, and Article 34.

1. GROWTH MANAGEMENT

The County's growth management plan, Measure J, was approved by County voters in June 1978. The six policies contained in this measure, which are designed to guide growth and development within the County, are shown on Exhibit IV-H-1*. To implement these policies Measure J requires the County Board of Supervisors to enact ordinances "to regulate the character, location, amount, and timing of future residential and other development in Santa Cruz County". Relating to population growth the initiative requires the "establishment, each year, of an annual population growth goal which shall limit population growth during that year to an amount which represents Santa Cruz County's fair share of the statewide population growth". Although this plan limits the supply of housing, its implementation allowed the County to grow at a rate in excess of the statewide rate and within the bounds of the local economic base. The annual growth rate set by the Board of Supervisors in the 7 years since the passage of Measure J has averaged 2.0%.

The most thorough analysis of the effects of growth management on housing cost in Santa Cruz County is within Susan G. Blair's unpublished thesis "A Case Study of the Effects & Perceptions of Santa Cruz County's Growth Management Plan" (May 1982).

This study applies the supply and demand theory to show that the cost of new and existing housing tends to increase when growth controls are placed on housing. The thesis quotes Rick Santee, then President of the Santa Cruz County Builders' Exchange, that the increase in the waiting period to obtain a building permit has been a major cause for increased housing cost. This is due to the costs of holding land prior to development and anticipated increases in interest rates, fees, materials and labor. Other builders interviewed mentioned cost increases due to new conditions for natural resource protection, payment of school impact fees, and the requirement that 15% of new units be priced below market.

The actual housing cost increase which can be attributed to growth management is impossible to accurately estimate. Seymour I. Schwartz, in a study of the effects of the Petaluma Growth Management System, estimated that "increases in the price of new housing in Petaluma which are possibly attributable to growth control are between \$4000 and \$7000 depending on the house size"¹. Professor Schwartz continued, however, that "it is possible that other market factors not related to growth control are responsible, at least partially, for the observed results".

*A complete text of Measure J is included as an appendix to the Housing Element

EXHIBIT IV-H-1
THE GROWTH MANAGEMENT POLICIES AS CONTAINED
IN CHAPTER 17.01 OF SANTA CRUZ COUNTY CODE ("MEASURE J")

17.01.030 POLICIES. The findings made in this Chapter identify environmental, economic, and housing problems caused by or associated with the rapid population growth and development of Santa Cruz County. It is hereby determined that in order to minimize or eliminate such problems, and to assure the public health, safety, and welfare, the following policies shall guide the future growth and development of Santa Cruz County.

(a) Preserve Agricultural Lands. It shall be the policy of Santa Cruz County that prime agricultural lands and lands which are economically productive when used for agriculture shall be preserved for agricultural use.

(b) Distinguish "Urban" and "Rural" Areas. It shall be the policy of Santa Cruz County to preserve a distinction between areas in the County which are "urban", and areas which are "rural". Divisions of land in rural areas shall be discouraged, and new residential developments shall be encouraged to locate in urban areas.

(c) Urban Area Protection. It shall be the policy of Santa Cruz County to insure that new development in the unincorporated "urban" areas does not proceed without the provision of adequate services which will enhance the quality of life for current and future residents of these urban areas; the County Capital Improvement Plan shall reflect this commitment.

(d) Annual Population Growth Limit. It shall be the policy of Santa Cruz County to set an annual population growth for this County which shall limit growth to that amount which represents Santa Cruz County's fair share of each year's statewide population growth.

(e) Housing for Persons with Average Incomes. It shall be the policy of Santa Cruz County that at least 15 percent of those housing units newly constructed for sale or rental each year shall be capable of purchase or rental by persons with average or below average incomes.

(f) Resource Protection. It shall be the policy of Santa Cruz County to prevent the division or other development of lands which contain timber resources, mineral resources, and wildlife habitat or other natural resources, except when any such development is conditioned so as to prevent the loss of or damage to such resources. (Ord. 2561.1, 7/5/78)

The strength of other factors in determining housing prices can be seen in the fact that although County housing prices increased by 64% between 1976 and 1978, the two years prior to Measure J, they increased by a more modest 26% from 1978 to 1980 the two years following Measure J's adoption (Figure III-H-1). This statistic indicates that other factors, such as the strength of the economy and interest rates, influence housing costs much more greatly than growth management.

Susan Blair's thesis also presented the likelihood that Measure J has decreased or stabilized the price of both farm and vacant land. This is due to the restrictions on the conversion of agricultural land to other uses, the restriction of building permits, and increased environmental protection.

Measure J includes provisions which were intended to fulfill the County's responsibilities for affordable housing. These provisions require that at least 15% of all new housing constructed in the unincorporated County be affordable to average or below average income households. Prior to implementation of growth management, little non-subsidized housing was constructed which was affordable by this income group.

Although no definitive studies have been conducted by the public or private sector to ascertain the affect of growth management on the price of housing, it is probable that there will be a slight overall increase in price for 85% of the units authorized and that the price of the remaining 15% will be substantially lower.

2. LAND USE AND DEVELOPMENT CONTROLS

The power to assign land use categories, zoning densities, and site improvement standards is perhaps the most powerful tool at the local level influencing the provision of housing.

The major land use and site control factors which influence the availability and cost of housing are:

- o Lot size
- o Lot frontage
- o Setbacks
- o Percentage of land for street dedication
- o Percentage of land for non-street dedication
- o Road pavement width
- o Street curbing
- o Sidewalk
- o Type of sewage disposal system

Taking this into consideration the County can act to increase the housing supply by constantly considering the impact of land use decisions on housing availability and cost.

Specifically the County should:

- a. Permit reduced lot sizes in urban areas with adequate public services.
- b. Permit zero lot line subdivisions in urban areas with adequate public services.
- c. Increase the acreage designated as medium and high density residential so as to permit the construction of apartments, condominiums, townhouses, and mobile home parks.
- d. Increase height limitations in appropriate urban areas to encourage multi-family residential construction.

These steps are intended to encourage the private sector to produce the greatest amount of least-cost, unsubsidized housing. In addition, the County has implemented an incentive zoning program which allows developments with a greater than required number of affordable housing units to receive higher densities than otherwise allowed.

3. THE DEVELOPMENT APPROVAL PROCESS

The development approval process represents a potential constraint to the provision of housing. The processing time for a major development can exceed 12 months and this adds substantially to overall project costs.

Recognizing the existence of inconsistencies and unneeded delays in the permit process, the Board of Supervisors in 1983 took several actions to streamline the development process. Among these were:

- a) The Planning Department was designated as the central clearinghouse for permit-related information in an important step to standardize and consolidate information at one convenience location for the public.
- b) The County Planning Department has completed a "Citizen's Guide to the Permit Process in Santa Cruz County". This document clearly outlines the development review process for development applicants.
- c) The Development Review Group (DRG) was established by the Board of Supervisors after requests for such a body by local developers. This group provides an opportunity for applicants proposing complex projects to meet and confer with technical representatives of the appropriate governmental agencies in a structured but informal meeting to discuss preliminary project plans. Applicants and their technical representatives are able to ascertain specific County requirements and to discuss preliminary project plans. The DRG is a required procedure for subdivisions and commercial projects of greater than 15,000 square feet; it is optional for other applicants. The result of the DRG meeting is the issuance of written findings to the applicant identifying issues, specifying additional information that will be required with the complete application, and outlining fees and a schedule for project review.

THE PERMIT PROCESS: AN OVERVIEW

PROJECT REVIEW

Project review begins when an APPLICATION is filed. Each project--additions, single-family houses, greenhouses, 20-unit developments, etc.--is looked at in terms of its SIZE, COMPLEXITY, and LOCATION.

SIZE - square footage, number of units or lots, etc.

COMPLEXITY - does it have many parts, phases, different types of units or uses, policy issues to be resolved, etc.

LOCATION - urban, rural, coastal, fault zone, adjacent to a creek or stream, etc. Location is frequently the factor which may complicate an otherwise straightforward project.

Each proposed project is then reviewed for consistency with all COUNTY ORDINANCES. The above factors--size, complexity, and location--determine which ordinances are applicable. The ordinances implement the County General Plan and include policies and regulations about such things as:

- zoning
- grading
- erosion control
- uses of agricultural land
- building regulations
- development in coastal areas
- significant tree preservation
- geologic hazards
- sensitive habitat preservation
- etc.

The ordinances are adopted by the Board of Supervisors after public hearings at the Planning Commission and Board of Supervisors.

WHERE DECISIONS GET MADE

Decisions to approve or deny projects are made in two major ways:

- ADMINISTRATIVE REVIEW
- PUBLIC HEARING REVIEW

The level of review depends on the type, size, complexity, and location of the project. In general, small, simple, and relatively minor projects are reviewed and approved at the administrative level; larger, more complex, and major projects are reviewed and approved at the public hearing level.

Administrative Review

There are four types, or LEVELS, of administrative review:

- LEVEL 1: no plans required (e.g., electrical permits)
- LEVEL 2: construction plans required (e.g., decks)
- LEVEL 3: plans & field visit required (e.g., single-family house)
- LEVEL 4: notice of administrative action required (e.g., guesthouses, boundary adjustments)

Appeals of administrative decisions may be made to the Planning Director or, through your County Supervisor, to the Board of Supervisors. After a decision is made, one or more permits are issued.

Public Hearing Review

There are three types, or LEVELS, of public hearing review:

- LEVEL 5: Zoning Administrator (e.g., 2-4 residential units, small commercial projects)
- LEVEL 6: Planning Commission (e.g., 5-19 units, large commercial projects)
- LEVEL 7: Board of Supervisors (e.g., complex or major projects, policy changes)

Decisions of one hearing body may be appealed to the next higher body (e.g., a decision of the Zoning Administrator may be appealed to the Planning Commission). After a decision is made, one or more permits are issued.

TYPES OF PERMITS

There are four types of permits issued by the Planning Department:

DEVELOPMENT PERMIT - to define conditions of use of a parcel. The Development Permit allows you to develop your property according to the policies and regulations that affect it.

LAND DIVISION PERMIT - to create new lots. The Land Division Permit applies to minor land divisions (creating 2-4 lots) and subdivisions (5+ lots).

POLICY AMENDMENT - to change the County General Plan, Local Coastal Program, or other policies and regulations.

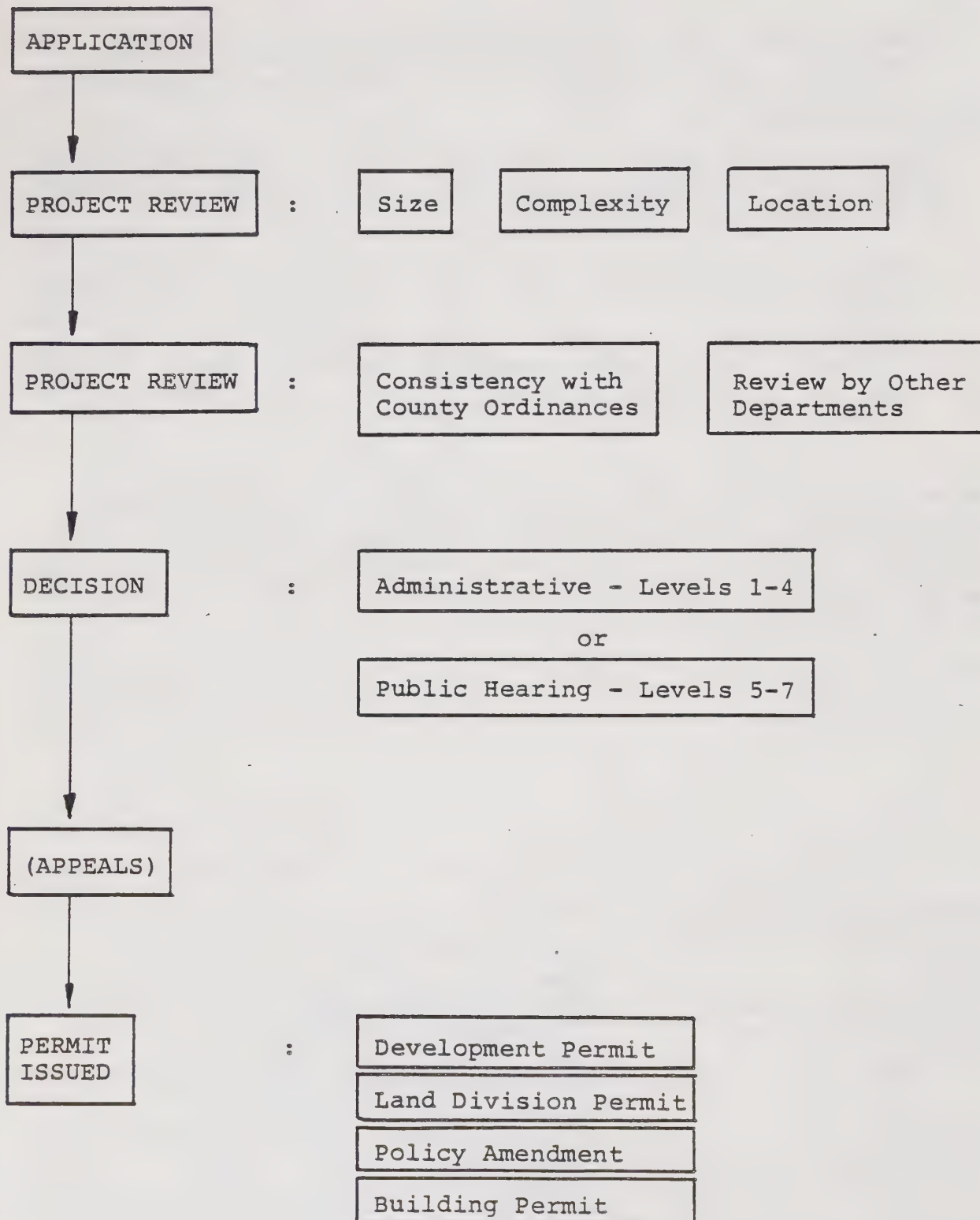
BUILDING PERMIT - to begin actual construction on the ground. The Building Permit is issued following approval of the first three types of permits. For some projects, only a Building Permit is required.

Permits for things such as septic tanks, water connections, encroachment onto a public right-of-way, etc., are issued by OTHER DEPARTMENTS. During the initial review of your project --generally after you apply for a Development Permit--you will be informed about which of these types of permits you will need to get.

Where to Go for More Information

Appeals	See APPEALS, p. 9-1
Fees	See FEES, p. 3-1
Levels of Review	County Code Section 18.10
Other Departments	See WHERE TO GO FOR HELP, p. 15-1
Permits	See APPROVED PERMITS, p. 6-1
	See HOW TO APPLY FOR A PERMIT, p. 5-1
	County Code Section 18.10
Ordinances	See APPLICABLE COUNTY ORDINANCES, p. 14-1
	Volume II of County Codes

THE PERMIT PROCESS: AN OVERVIEW



This exhibit is taken directly from the "Citizens Guide to the Permit Process in Santa Cruz County. The complete "Citizens Guide" is an appendix to the Housing Element.

These efforts were made to implement recommendations of the Permit Processing Task Force. This task force was composed of representatives of the major County agencies involved in reviewing developments and many of the recommendations of this group were first suggested by members of the development community. The implementation of these recommendations will be monitored in the coming months and years to insure that their desired goals are met.

4. FEES AND PERMITS

Before housing can be constructed, an infrastructure of sewers, streets, street lighting, water, and utilities must be provided or be available. In addition, police, schools, library, public health, and general administrative capabilities must be available if the housing provided is to satisfy acceptable public standards. In the urban sections of Santa Cruz County, public services are provided by a collection of special districts, local governments, and private utility companies. In the more rural areas, such improvements are often not provided. Because of Proposition 13 and other ballot measures reducing the tax obligation of California residents, it is evident that local governments have limited funds with which to provide services.

For this reason the County has structured development fees to closely match the direct cost of providing public services. For example, sewer hook-up fees within the County Sanitation District (mid-county) are assessed at \$1100 per new residential unit for a maximum of 18 fixture units. Park dedication fees vary from \$386 for a multi-family unit outside of urbanized areas to \$1176 for a single family unit in the La Selva, Aptos, Live Oak, and Pajaro planning areas where the need of public parks greatly exceeds their availability. Although these fees add to the cost of housing, the benefit of a liveable residential environment they provide is believed to greatly outweigh the cost.

The fees for processing development applications and building permits are tied to the cost of providing service. Applicant requested General Plan amendments are charged according to the exact number of hours taken in processing the application. Other planning and building fees are based on the estimated amount of staff time and related costs. An estimate of development fees which would be charged on a single family detached home and on a 15-unit subdivision (as of December 1984) are shown in Exhibit IV-H-3. Experience has shown that these fees are within the range charged in other communities.

5. BUILDING CODES AND ENFORCEMENT

While minimum building codes are essential to ensure safe housing, additional standards controlling design or safety may increase the cost of housing unnecessarily. The County enforces the Uniform Building Code (UBC), and related trade codes, within the unincorporated County. These codes are used in jurisdictions throughout California.

While the application of UBC standards to new construction is felt to be reasonable, its strict application to rehabilitation is not always reasonable. For this reason the state has developed separate Housing Rehabilitation Guidelines which can be used by property owners repairing a dwelling with methods and materials similar to those originally used. These guidelines reflect a relaxing of the UBC without jeopardizing public health and safety.

Additionally the state has promulgated a set of regulations which can be applied to limited density owner built rural dwellings in lieu of the UBC. These standards, called "Cabin standards" or "Class K housing standards", allow experimental or innovative building techniques which are not felt to be appropriate in more urban areas. Examples of the type of residential systems allowed are composting toilets and low voltage electrical systems.

6. ARTICLE 34

A peculiarity of the California State Constitution is Article 34. This Article, adopted by the voters in 1954, requires referendum approval of all low-rent housing projects developed, constructed or acquired in any manner by any state or local government.

In June 1978 voters approved a ballot referendum authorizing the Santa Cruz County Housing Authority to construct up to 300 lower cost units. A year later a referendum sponsored by a joint task force of City and County Housing Advisory Commission members and private developers proposing authorization of 250 additional lower cost units was approved by 62% of the electorate. This experience in conducting a local campaign, the public's support for lower cost housing, the technical assistance provided by the State HCD Article 34 Clearinghouse, and the realization of a common interest by the local real estate and development community have been successful in passing housing referendums. Presumably a similar coalition can be formed in the future as needed.

EXHIBIT IV-H-3
DEVELOPMENT FEE EXAMPLES

A one story single family dwelling in the urban area
(APN 31-041-53)

Application Review Fee		
o Level 3	\$ 75	(\$ 75)
Technical Review Fee		
o Erosion Control	\$ 60	
o Zoning Plan Check	115	(\$ 175)
Building Inspection Fees		
o Plan Check	\$ 258	
o Inspection	397	(\$ 655)
Service & Capital Improvement Fees		
o Roadside Improvements -		
Urban Area	\$ 1,600	
o Roadway Improvement -		
Urban Area	600	
o Gross Road Transportation		
Improvement Area	475	
o Park Dedication	1,176	(\$ 3,851)
Public Works & District Fees		
o Drainage	\$ 700*	
o Sewer Connection	1,100	
o Soquel School Impact Fee	500	
o City of Santa Cruz Water		
District Hook-Up Fee	1,204	
o Driveway Encroachment Permit	75	(\$ 3,579)
	TOTAL	(\$ 8,335)

* Based on 2,800 sq.ft. of impervious surface at \$0.25/sq.ft.

A 15 unit (2 bedroom one bath) townhouse development within the coastal zone, urban area (with two inclusionary units)
(APN 27-051-25)

Application Review Fee		
o Level 6	\$	700
o Development Review Group		315
		(\$ 1,015)

Technical Review Fees		
o Erosion Control	\$	265
o Subdivision, 5-19 parcels		1,488
o Residential, 5-19 units		1,970
o Environmental Assessment		280
o Coastal Permit, Major		700
o Riparian Pre-Site		105
		(\$ 4,808)

Building/Inspection Fees		
o Plan Check	\$	2,467
o Inspection		4,600
		(\$ 7,067)

Service & Capital Improvement Fees		
o Roadside Improvements - Urban Area	\$24,000	or install
o Roadway Improvements - Urban area	9,000	or install
o Live Oak Transportation Improvement Area	1,230	
o Park Dedication		
13 market-rate units x \$1176	15,288	
		(\$49,518)

Public Works & District Fees		
o Drainage	\$	7,500*
o Sewer Connection		16,500
o Live Oak School Impact Fee		3,000
o City of Santa Cruz Water district Hook Up @ \$1204 a unit		18,060
o Subdivision Map & Improvement Plan Review		1,440**
o Public Improvement Inspection		1,440**
		<u>(\$47,940)</u>
	TOTAL	(\$110,348)

* Based on 30,000 sq.ft. of impervious service at \$0.25/sq.ft.

** Based on 40 hours of review at \$36/hr.

I. ENERGY CONSERVATION

Prior to the 1970s, a community like Santa Cruz with its mild mediteranean climate, had little incentive to conserve energy. Gas and electricity costs were so low that energy conserving design and insulation were not obviously cost effective. Beginning in 1973 energy costs jumped and Santa Cruz residents, like all Americans, became concerned about the cost. In 1980 alone the price of electricity in Santa Cruz County increased 55%, and the cost of natural gas rose 43%. For this reason Santa Cruz County has taken actions to conserve the amount of energy used in both new and existing homes.

1. THE DESIGN AND CONSTRUCTION OF INDIVIDUAL UNITS

Since January 1, 1983 the County has required that all new construction in the unincorporated County comply with new Title 24 Residential Energy Standards. This local action was taken in advance of the requirements becoming mandatory statewide.

Analysis has shown that homes built under this criterion will use only half the energy consumed by homes constructed previously. These standards can be met two different ways. Builders can follow a performance approach and meet a required "energy budget" or can follow one of a number of approved design standards. For example, the "A" package uses a passive solar design with proper solar orientation and thermal mass (heat absorbing material). The "B" package utilizes a more traditional design that is very well insulated. The "C" package is a less insulated version of package "B" that includes solar hot water heating. In all packages a residence must also contain specified levels of upgraded insulation and/or weatherization features which exceed previous standards.

2. THE DESIGN OF RESIDENTIAL DEVELOPMENTS

The design criteria for residential districts have been revised to take into consideration the needs for energy efficiency. The County reviews proposed developments to insure that:

- o Living areas are oriented toward the south to take maximum advantage of solar heating and cooling
- o Interior roads are designed to facilitate solar orientation
- o Buildings are designed to protect solar access to neighboring structures and vacant parcels
- o Street trees used facilitate solar heating and cooling

3. REHABILITATION AND RETROFIT

On November 1, 1983, Santa Cruz County began requiring the installation of cost-effective weatherization techniques in connection with the sale or transfer of all residential buildings of four or more units. These requirements were implemented because owners of rental properties frequently do not pay for utilities, and therefore do not experience the same economic incentives to weatherize their buildings as other property owners. Tenants are also reluctant to invest in weatherization improvements as they may not live in the building long enough to recover the cost of the improvements through utility savings.

These requirements, contained in Chapter 12.22 of County Code, require:

- o Ceiling insulation to a minimum resistance level of R-19 provided that existing ceiling insulation is less than R-11
- o Weatherstripping of all doors and windows
- o Water heater insulation to a minimum installed thermal resistance of R-6
- o Low-flow showerhead or in-line flow restrictors which limit water flow to a rate of 2.75 gallons per minute provided that existing devices have an effective flow rate of 3.0 gallons per minute or greater.
- o Caulking or sealing of all major cracks, joints and other openings in building exterior
- o Insulation of the ducts, plenums, and fitting joints of all heating equipment in unheated areas

In order to avoid imposing an economic hardship, the County will in no case require expenditures in excess of \$1000 per unit to comply with this ordinance, and in most cases expenditures will be substantially less.

4. AN ASSESSMENT OF ENERGY CONSERVATION COST

The County's energy standards affect housing consumers by potentially increasing the costs related to greater insulation, double glazing, weather stripping, etc. These costs may increase building prices and may therefore require either additional financing or higher rents. The specific rise in costs varies by type and size of buildings and the conservation features selected.

In a report issued by the California Energy Commission (CEC), the initial costs of complying with Title 24 energy standards for a 1,384 square foot single family home were estimated. Within Climate Zone 3, which reaches along the California coast from southern Mendocino County to northern Monterey County, the initial cost is estimated at \$1,296. This amount is equal to a one percent increase in sales price. The monthly cost of these improvements, amortized over 30 years at 13% annual interest is \$11.47.

The CEC noted that the resulting savings from energy conservation will more than offset the additional cost. The Commission analyzed the monthly energy cost savings for a 1,384 square foot home in San Francisco, which like Santa Cruz is in Climate Zone 3. In 1981-2 the monthly savings amounted, to \$14.92, or \$3.45 less than the amortized cost, when compared with a home constructed under previous Title 24 standards.

The cost of compliance with the County's requirements for retrofitting multi-family buildings is also estimated as cost-effective. The CEC estimated the typical cost of installing R-19 attic insulation, weatherstripping, caulking, water heater blanket, and a low-flow showerhead to be \$3,194 for a ten-unit residential building which had none of these measures to begin with. The typical energy savings the first year were estimated at \$2,210 which would indicate total payback on the investment within 18 months.

The cost of meeting the County's energy related residential development requirements is estimated to be nominal.

5. PROXIMITY OF HOUSING TO JOBS/SERVICES

The Land Use Element of the County's General Plan determines the location and density of residential developments in the unincorporated County. A parcel's proximity to highways, transit, employment, and public services are all taken into consideration in determining whether a residential parcel is best suited for high density, low density, suburban or rural residential. Any request for an amendment to the Land Use Element would be reviewed by these criteria.

In addition the County requires land dedications from developments when the parcel is in an area needing future road widening or transit stops. Storage spaces for bicycles are also required for multi-family and commercial developments located within the urban area.

J. SPECIAL NEED GROUPS

There are five groups whose social and housing needs deserve particular note in this housing element. These groups are racial and ethnic minorities, the elderly, female-headed families, the handicapped, and farm workers.

1. RACIAL AND ETHNIC MINORITIES

According to the 1980 census the major minority group in Santa Cruz County are Spanish origin: 27,648 County residents were listed in the 1980 census as being of Spanish origin. Over half of these residents live with the City of Watsonville and adjoining unincorporated Freedom area. Forty-nine percent of Watsonville's population and forty-four percent of Freedom's population was composed of Spanish origin.

Over half of the County's Hispanics, 18,567 people, speak Spanish as their primary language. Over forty percent of these people do not speak English well; the vast majority of those not comfortable or skilled in English are adults. This statistic shows that a sizeable proportion of County residents are not fully assimilated into the primary culture.

Other statistics within the 1980 census clearly show that Santa Cruz residents of Spanish origin are educationally and economically behind other residents. Only 39% of Hispanics aged 25 and over have completed high school, compared with 78% of the overall County population. Forty-eight percent of Hispanic workers are employed in farming, or as operators, fabricators, and laborers compared with eighteen percent of the general population. The 1980 unemployment rate of Hispanics was 16.7% compared with an overall rate of 7.9%. Nineteen percent of Spanish origin households had incomes below the poverty line while only 12% of all County households had incomes below this level.

Hispanic households spent a smaller amount for rent: the median contract rent was \$250 compared with an overall median of \$274. Likewise Spanish origin homeowners had homes valued at a median \$70,300 compared to the County census median value of \$93,800. Of special note is the fact that households of Spanish origin are five and half times more likely to live in overcrowded residences than the general population. Thirty-three percent of Hispanic households live in overcrowded housing. Nineteen percent of all Hispanics households are severely overcrowded with more than 1.51 people per room.

The statistics presented for other minorities show that their plight is similar to that of Hispanics, although it is generally less severe. Statistics for unemployment rates and poverty status are shown in Table IV-J-1

TABLE IV-J-1
POVERTY STATUS AND UNEMPLOYMENT RATES
BY RACE AND ETHNIC ORIGIN, SANTA CRUZ COUNTY
1980

<u>Racial/Ethnic Group</u>	Percentage of Households With Income Below <u>Poverty Level</u>	<u>Unemployment Rate</u>
White	11.3%	7.3%
Black	19.7%	13.0%
Native American	21.9%	11.0%
Asian/Pacific Islander	12.4%	8.6%
Other	20.9%	15.6%
TOTAL	12.2%	7.9%
Spanish Origin, Any Race	18.9%	16.7%

SOURCE: U.S. Census 1980

2. THE ELDERLY

As shown in Section II-C the proportion of elderly residents within the entire County population is shrinking, although the number of residents aged 65 and over continues to increase.

Many elderly households live on fixed incomes which cannot stretch to meet increased housing costs. The 1980 census indicated that 75% of elderly households own the home they live in, compared with 49% of the County population in general. This fact is a financial blessing to these elderly homeowners as housing costs are generally set. It also means, however, that many senior citizens may reside in a home which is larger than their lifestyle requires and larger than they can easily maintain.

It is generally believed that senior citizens require modestly sized units which are near shopping and public transit. These features help provide for independent living. Low rent housing is needed by those seniors living on fixed incomes.

3. SINGLE PARENT FAMILIES

Single parents often have difficulties providing adequate housing for their families. This is due to the fact that a single adult must split his or her time between actively caring for children and earning a living. Eighty percent of single parent families in Santa Cruz County are headed by women. Women have long been at a disadvantage in the work force, and work disproportionately in low paying positions. The 1980 census shows women working disproportionately in the broad areas of administrative support and services. The occupations in these areas are primarily clerical, food preparation, and personal services. Women also work heavily in the areas of health assessment/treating, teaching (except post-secondary), retail/personal service sales, and textile, apparel and furnishing machine operating. Occupations in these areas tend to be low paying and offer few employment benefits.

Women who find themselves as sole support for a family have difficulties providing all the financial and other needs inherent in family life. The needs of school and preschool children also take their toll to a family budget through the cost of childcare or the time demands caused by a child's illnesses and vacations. The continuing presence of housing discrimination against families with children most greatly effects female headed families, who have fewer financial resources to compete in the housing market.

Table IV-J-2 shows the number of single parent families in the County and a comparison of the proportion of female headed households with children which are below the poverty line. A comparison of the mean income of female headed families with other families is shown in Table IV-J-3. The census also shows a correlation between female headed families and racial and ethnic minority status, as seen on Table IV-J-4.

TABLE IV-J-2
SINGLE PARENT FAMILIES AND THE POVERTY LEVEL
SANTA CRUZ COUNTY, 1980

	Capitola	Santa Cruz	Scotts Valley	Watsonville	Unincorporated	County Total
All Families	2,263	8,979	1,899	5,864	27,357	46,362
Female Headed Families with Children (no husband present)	335	1,106	120	650	2,364	4,575
Male Headed Families with Children (no wife present)	71	242	36	135	694	1,178
All Families Below 1979 Poverty Level	269 (11.9%)	906 (10%)	64 (3.4%)	574 (9.8%)	2,027 (7.4%)	3,840 (8.3%)
Female Headed Families with Children and Below the 1979 Poverty Level	114 (34.0%)	424 (38.3%)	13 (10.8%)	209 (33.2%)	669 (28.3%)	1,429 (31.2%)

SOURCE: U.S. Census, 1980

TABLE IV-J-3
MEAN INCOME OF FEMALE-HEADED FAMILIES
AND OTHER FAMILIES, SANTA CRUZ COUNTY, 1980

<u>Family Type</u>	<u>Mean Income</u>
Female Headed Families	
with children under 18	\$10,197
without children under 18	17,256
Married Couple Families	
with children under 18	28,025
without children under 18	26,418
One Worker Family	22,010

SOURCE: U.S. Census, 1980

TABLE IV-J-4
PROPORTION OF HOUSEHOLDS WITH
CHILDREN WHICH ARE FEMALE-HEADED
BY RACE AND ETHNIC ORIGIN, SANTA CRUZ COUNTY
1980

<u>Racial/Ethnic Group</u>	<u>Percentage of Households With Children Which Are Female Headed</u>
White	5.5%
Black	12.3%
Native American	9.0%
Asian/Pacific Islander	1.7%
Other	9.8%
TOTAL	5.7%
Spanish Origin, Any Race	11.0%

4. THE HANDICAPPED

The 1980 census showed a total of 9775 people in Santa Cruz County aged 16 to 64 who have a work disability. Of these 4,160 are able to work despite their disability. Of the 5,615 who are not in the labor force, 78% are not in the labor force because they are prevented from doing so by their disability. Within the unincorporated County lived 5,399 disabled people between 16 and 64. 2331 of these individuals were within the workforce.

The California Department of Rehabilitation has estimated that the number of handicapped people, aged 16 to 64 is much higher than indicated in the census. In 1979 the department listed a total of 23,560 individuals between these ages who had a major disabling condition, 11,580 of these had physical disorders.

Table IV-J-5 outlines the disabilities categorized by the state.

The percentage of County residents aged 16 to 64 who have a disability which makes it difficult, or impossible, for them to use public transit is listed at 1.3% according to the census. This percentage rises to 14.8% for senior citizens aged 65 and up. Over half of both age groups experiencing a transit disability reside in the unincorporated County.

The handicapped have different housing problems than other County residents. Those with physical disabilities related to movement often require special features such as ramps, specially designed kitchens and restroom facilities, wide hallways, and the removal of physical barriers. In addition, units for the handicapped should be designed to provide minimum maintenance, modest size, single story movement, and easy access to community facilities and services.

TABLE IV-J-5
DISABLED NONINSTITUTIONAL POPULATION 16-64 YEARS OLD
BY MAJOR DISABLING CONDITION, SANTA CRUZ COUNTY
1979¹

		Needing Vocational Rehabilitation Services
Total	23,560	4,630
Sensory Disorders	2,240	670
Blind	170	40
Other Visual Impairment	410	130
Deaf	520	140
Other Hearing Impairmen	1,140	360
Physical Disorders	11,580	1,190
Amputation and Orthopedic Disabilities	4,420	440
Epilepsy	230	40
Heart Disease	1,540	160
Speech Impairment	310	40
Digestive Disorder	970	100
Other Physical Disabilities	4,110	410
Mental Disorders	9,740	2,170
Mental Illness	840	360
Mental Retardation	1,490	270
Drug Addiction or Alcoholism	6,340	1,150
Other Character Disorders ²	1,070	390

¹ Parts may not add to totals due to independent rounding. Persons with more than one disorder are counted only once.

² Other character disorders include behavioral problems. Some ex-offenders are included in this category.

SOURCE: California Department of Rehabilitation

5. FARMWORKERS¹

Farmworkers play a vital role in the economy of Santa Cruz County making agriculture a multi-million dollar industry. Some may denigrate the importance of meeting the housing need of farmworkers because they believe farmworkers are migrant and therefore not in need of permanent dwellings. This misconception is disproven by recent reports on farmworkers. The

¹ Much of this subsection was taken directly from AMBAG's Regional Housing Needs Report, 1980-1990

California Commission of Housing and Community Development in their Farmworker Housing Assistance Plan state that "while seasonal workers represent 40 percent of the average total annual farm labor force, two-thirds of this work force is composed of local residents". An even higher percentage of farmworker households are permanent residents in Santa Cruz County, as shown in a local study conducted by the County Housing Authority. Growers often prefer hiring workers who have previously worked for them which encourages more stable residence. The fact that some parts of the county have more than one crop in a year also encourages more stable residence.

The 1980 census listed 3,159 workers, or 4.3% of the County's resident labor force as working in "agriculture, forestry, and fishing". Approximately 90% of these live in the unincorporated County. The state Employment Development Department (EDD) estimates that an annual average of 5,725 people work in agriculture in the County. The difference between these two figures is at least partially accounted for by agricultural workers who labor within the County but who permanently reside in neighboring Monterey County or elsewhere. The EDD further estimated that a total of 2,970 seasonal workers were employed in 1979 in the County during the peak month of October. Of this number 1,610 were local residents while the remaining 1,360 were migrants who traveled more than 50 miles to obtain work.

Farmworkers have a difficult time finding and affording housing due to a combination of limited English language skills, large family size, and low household incomes. Compounding the problem is the fact that many units constructed for seasonal occupancy by single men are now used year-round by laborers and their families. Overcrowding is also fairly common for farmworkers households in the Monterey Bay region, 30% of which are made up of 5 or more people. This is significantly higher than the average household size in the region, which is 2.71. Statistics from a 1975 survey conducted by the state EDD found that 98% of all farmworkers can't afford market-rate housing, and 77% can't even afford subsidized housing.

6. LARGE HOUSEHOLDS

The 1980 census showed that households with 6 or more people comprise 4.2% of all County households, and 4.3% of all unincorporated County households. The comparison by political jurisdiction varies widely from 1% within the City of Capitola to 9% within the City of Watsonville. This difference is explained in part by the large elderly population in Capitola and the large Hispanic population in Watsonville. This would indicate that the unincorporated South County has a significantly higher proportion of large families than the County average.

When large households are broken down into those who own their own homes and renters, an interesting comparison can be made. Large families own their own home more often than the general population in the unincorporated County and the cities of Capitola, Santa Cruz, and Scotts Valley while large households in Watsonville are much less likely to own their own homes than other Watsonville residents. Thirty-four percent of the large households in Watsonville are owner-occupants compared to fifty percent of all Watsonville residents. This would indicate that the large households in the North County are more secure economically than their equivalents in the South County.

The numbers of large households in the County, by political jurisdiction, is presented in Table IV-J-6.

TABLE IV-J-6
LARGE HOUSEHOLDS BY HOUSING TENURE
SANTA CRUZ COUNTY, 1980

	<u>Large Owner-Occupied Households</u>	<u>Large Rental-Occupied Households</u>	<u>Large Households As A Percent Of Total Households</u>
Capitola	22	23	1.0%
Santa Cruz	217	218	2.6%
Scotts Valley	55	11	2.6%
Watsonville	250	487	9.0%
Unincorporated	1,192	535	4.3%
County Total	1,736	1,274	4.2%

SOURCE: U.S. Census, 1980

Although large households comprise a relatively small proportion of total households, three and four bedroom homes continue to be needed, particularly in the Watsonville area.

K. HOUSING IN THE COASTAL ZONE

In 1982 the County's Local Coastal Plan was certified by the State Coastal Commission and the County assumed the authority to issue coastal permits. This was an important step for the County because of the significance of the coastal region to County residents and because it includes the County's most urbanized area extending along the Monterey Bay coastline.

Table IV-K-1 indicates the number of permits which have been issued within the Coastal Zone between January 1, 1982 and March 31, 1984.

The County's success at attracting federally assisted housing within the Coastal Zone is seen in Table IV-K-1: over 20% of all Coastal Zone housing was constructed within publically assisted developments. An additional 6% was constructed as affordable ownership housing constructed pursuant to the County's affordable housing program.

Few housing units have been demolished in the 27 month period since January 1982. Most of these units were demolished to make way for new residential development. The largest demolition application has been for 2 units which has not triggered the County's requirement for providing replacement housing.

TABLE IV-K-1
COASTAL ZONE¹
RESIDENTIAL BUILDING PERMITS
UNINCORPORATED SANTA CRUZ COUNTY
JANUARY 1982 to MARCH 1984

	Market Rate Housing	<u>Affordable Housing</u> <u>Rental</u> <u>Ownership</u> ²		<u>Residential</u> <u>Demolitions</u> ³	<u>Conversions To</u> <u>Non-Residential Uses</u>
1982	251	183 ⁴	14	2	1
1983	320	-0-	39	4	-0-
1984 (Jan. - March)	82 —	-0- —	1 —	5 —	-0- —
TOTAL	653	183	54	11	1

SOURCE: Santa Cruz County Planning Department

¹ For the purpose of this analysis the Coastal Zone was approximated as parcels within Assessor Books 26, 27, 28, 32, 33, 38, 42, 43, 44, 45, 46, 52, 53, 54, 57, 58, 59, 62, 63, and 80. Only minor differences exist between the local coastal zone and the area covered by these books.

² Housing units produced for moderate income purchasers as restricted through the County's affordable housing program.

³ Most of these demolitions were made to make way for new residential development.

⁴ These are composed of the 126 unit Section 8 Elizabeth Oaks development and 57 units on 3 different sites within the Housing Authority's Cabrillo Coast Homes conventional public housing development.

L. HOUSING NEED & SUPPLY

AMBAG's "Regional Housing Needs Report", from which these numbers are derived, covers a ten year period from 1980 to 1990. Over this period a total of 10,388 new units are projected to be needed. This need would fulfill the housing demand for:

a.	Population increase	7,835 units
b.	Existing population reformulated into smaller households (the average household size has been projected to drop from 2.63 people/HH to 2.55 people/HH)	1,191 units
c.	5% vacancy rate on a & b	451 units
d.	Replacement of demolished housing (0.2% of existing stock)	911 units
TOTAL		10,388 units

The main difficulty with the AMBAG projection is that the average household size has not been decreasing but has consistently been increasing according to the state Department of Finance (DOF). In 1985 the average household size in the unincorporated County was 2.705 people/HH.* DOF projects that the average household size will decrease for the remainder of the decade, although by 1990 the average household size is still projected to be approximately 2.67 persons/HH. This trend for increasing household size has also occurred statewide from 1980 to 1985.

The AMBAG projection of a need for 911 new residential units to replace demolished units is also high. The County's experience between 1980 and 1984 shows that an average of 26 demolition permits are annually issued. As some demolitions may not be discovered by the County, it is reasonable to estimate an annual need for 30 replacement permits.

RESIDENTIAL DEMOLITIONS IN UNINCORPORATED SANTA CRUZ COUNTY

	<u>Permits</u>	<u>Units</u>
1980	28	28
1981	18	18
1982	20	20
1983	13	16
1984	49	49

* In intervening years, DOF estimated household size at 2.641 (1981), 2,650 (1982), 2.660 (1983), and 2.686 (1984).

If the household size were to be kept at the 1980 level of 2.63 persons/household and the decade's replacement need were estimated at 300 units rather than 911, the total housing need can be calculated at 8,277 housing units*. This level of need is consistent with actual trends in the County.

Broken down according to the AMBAG projected unincorporated annual growth rate this need is broken down into a need for 5,487 units in the first five years of the decade. (See Table IX-L-1.) This number is composed of 4,368** new units needed to house an expected population increase, 664** new units to rehouse the existing population due to a projected decrease in household size (which did not occur), and 455 units to replace existing housing which is dilapidated or projected to be demolished. The 455 "replacement" units are not an addition to the housing stock, but constitute an improvement in the existing stock. For this reason 455 units can be deducted from the construction need of 5,487 units to yield 5,032 additional units needed in the five year period beginning in 1980.

The 1980 Census counted 45,541 housing units in the unincorporated County as of April 1, 1980. The state Department of Finance (DOF) estimated 50,609 housing units on January 1, 1985. This data indicates that 5,068 new units were constructed in the unincorporated County within this five year period. The County has therefore not only met but exceeded its construction need forecast in the first half of the decade by 36 units.

The AMBAG projected need, broken down by income group and the County's progress at meeting this need is also shown on Table IV-L-1.

Table IV-L-2 shows the AMBAG need projections for the last half of the decade. In 1985 the County has an AMBAG projected need of 1,029 new units. This is broken down into 814 units to house population increases, 124 units to rehouse the existing population due to a projected decrease in household size (which has not occurred), and 91 replacement housing units.

The approximate number of building permits available in the unincorporated County as of January 1, 1985 is 1,538, significantly more than required to meet the projected AMBAG need forecast. These permits are broken down as follows:

a.	building permits carried over from previous years	717
b.	building permits allocated by the Board of Supervisors for calendar year 1985	757
c.	approximate number of replace- ment permits available beyond growth limitations	64
	TOTAL	<u>1,538</u>

* If the actual 1985 household size estimated by the DOF for the unincorporated County were to be used, the 1980-1990 housing need would drop to 6,915 housing units.

** Includes a 5% vacancy factor.

TABLE IV-L-1

HOUSING UNITS PROJECTED TO BE NEEDED
AND ACTUALLY CONSTRUCTED: 1980-1985

	AMBAG Projected Need	Actually Constructed	Difference
Housing Construction, including replacement housing	5,487	N/A	N/A
New Housing Units, excluding replacement housing	5,032	5,068	36
Housing Units By Income Group:			
Very Low Income	1,427 (26%)	331 (6%)	<1,096>
Low Income	1,317 (24%)	276 (5%)	<1,041>
Moderate Income	987 (18%)	718 (13%)	<269>
Above Moderate Income	1,756 (32%)	4,198 (76%)	2,442

TABLE IV-L-1
NOTES

1. Housing Construction Including Replacement Housing. The AMBAG projected need figure is taken from AMBAG's "Regional Housing Needs Report: 1980-1990". On page 88 of this document a total construction need of 10,388 is stated for the decade. This figure was then calculated for the 1980-85 period utilizing AMBAG projected annual growth rates projected for the unincorporated County (page 76 of the AMBAG report and page 40 of the Housing Element). As AMBAG projects higher growth rates on the first half of the decade, almost 53% of the construction need is for this five year period.

2. New Housing Units, Excluding Replacement Housing. The AMBAG projected need calls for a total of 5,487 units. Subtracting the 455 units needed to replace existing housing. The number of new housing units needed between 1980 and 1985 is 5,032.

5,068 is the number of new housing units actually constructed during this period. It is calculated by taking the number of housing units existing on January 1, 1985 according to state Department of Finance estimates (50,609) and subtracting the number which existed in 1980 according to the U.S. Census Bureau (45,541). This method is as recommended by state HCD.

3. Housing Units By Income Group. AMBAG has projected a "fairshare" need for unincorporated Santa Cruz County. This need breaks the population into four income groups: very low (below 51% of median income), low (51-80% of median), moderate (81-120% of median), and above moderate (above 120% of median). By 1990 Santa Cruz County's fair share goal by income group is: very low - 25%; low - 16%; moderate - 21%; above moderate - 38%.

In order to reach this fair share goal for the entire housing stock, new construction for very low, low, and moderate income must be higher than these total percentages. According to information provided by the state Department of Housing and Community Development, the following proportions have been used to distribute the AMBAG projections:

Very Low	-	26%
Low	-	24%
Moderate	-	18%
Above Moderate	-	32%

The County keeps records on affordable housing constructed. According to these records it is estimated that 6% of the new units constructed between 1980 and 1985 are occupied by very low income, 5% by low income, 13% by moderate income, and 76% by above moderate income. These percentages are applied on the 5,487 residential construction units needed plus the 36 additional units constructed.

TABLE IV-L-2
HOUSING UNITS PROJECTED TO BE NEEDED,
ALLOCATED AND ISSUED: 1980-1990

	Carry Over From 1980-84	1985	1986	1987	1988	1989	Total 1980-1990
Annual AMBAG Estimated Need	<36>	1,029	989	949	962	972	4,865
Cumulative AMBAG Estimated Need	<36>	993	1,982	2,931	3,893	4,865	4,865
AMBAG Estimated Need/							
a) very low income	1,096	268	257	247	250	253	2,371
b) low income	1,041	247	237	228	231	233	2,217
c) moderate income	269	185	178	171	173	175	1,151
d) above moderate income	<2,442>	329	317	303	308	311	<874>
Annual Building Permits Allocated	717	821	N/A	N/A	N/A	N/A	N/A
Cumulative Building Permits Available	717	1,538	N/A	N/A	N/A	N/A	N/A

TABLE IV-L-2
NOTES

1. Annual AMBAG Projected Need. This figure is taken from AMBAG's "Regional Housing Needs Report". The total construction need of 10,288 for 1980-1990 is broken down into AMBAG's annual growth rate estimates which are shown on page 40 of the Housing Element.
2. Housing Units By Income Group. AMBAG has projected a "fairshare" need for unincorporated Santa Cruz County. This need breaks the population into four income groups: very low (below 51% of median income), low (51-80% of median), moderate (81-120% of median), and above moderate (above 120% of median). By 1990 Santa Cruz County's fair share goal by income group is: very low - 25%; low - 16%; moderate - 21%; above moderate - 38%.

In order to reach this fair share goal for the entire housing stock, new construction for very low, low, and moderate income must be higher than these total percentages. According to information provided by the state Department of Housing and Community Development, the following proportions have been used to distribute the AMBAG projections:

Very Low	-	26%
Low	-	24%
Moderate	-	18%
Above Moderate	-	32%

3. Annual Building Permits Allocated. This row shows the annual new construction building permit allocation as approved by the Board of Supervisors. Building permits for replacement of existing housing are available above this allocation; there is no limitation on the number of "replacement permits" for housing units demolished or destroyed by fire, landslide, etc. provided that they are issued for the same owner on the same or a contingency parcel, and within one year of the demolition. The County's experience is that approximately 70% of the demolished housing units are replaced with a "replacement" permit. For this reason, 70% of 91 estimated annual need for replacement units or 64 units is added to the 1985 allocation.

The 1980-84 carry over is the number of building permits (717) allocated in previous years which were available to be issued as of January 1, 1985. These permits are carried forward indefinitely or until issued.

The remaining four years of the decade have an AMBAG estimated housing need for 3,872 housing units. It is anticipated that the County will be able to meet this need through its growth management system. Although the County adopted an interim 1.5% growth rate for 1985, the County continues to be committed to a 2.0% long-term growth rate. Section 17.04.030 of County Code states, "The Board of Supervisors finds that a reasonable countywide population growth rate for the years 1982 through 1990 inclusive is on the average two percent per year . . .".

The lower interim growth rate for 1985 is lower than 2% for the following reasons:

1. The County's infrastructure facilities, particularly its roads, drainage facilities, parks, and roadside facilities have been severely impacted by development and are inadequate to accommodate growth at the same levels as in prior years.
2. The County is currently undertaking a comprehensive capital improvements plan which is scheduled for preparation during 1985.
3. The capital improvements plan will include a financing component to provide the infrastructure facilities required for substantial new development.
4. The 1.5% growth rate established for 1985 is an interim rate pending the completion of the capital improvements plan.

V. SUMMARY OF HOUSING NEEDS

This chapter of the Housing Element reviews the data presented in previous chapters and summarizes the major housing needs of County residents as contained in these chapters. The Housing Action Plan will use this chapter as a basis for action.

A. HOUSING SUPPLY

The County has a responsibility to encourage sufficient housing for all current and future Santa Cruz residents. This housing should be located near concentrations of employment, shopping, and schools. It should be located where it can best be served by the highway and street network, public transit, sewer and water services, police and fire protection, and general public services. It should be located to compliment and protect the natural environment. The housing units should meet the size and tenure requirements of County residents, and should allow for the optimal level of mobility.

B. HOUSING AFFORDABILITY

Housing prices and rents need to be at a level which County residents can afford. Particularly disadvantaged by today's housing costs are young families desiring to purchase homes and lower income renters who are faced with choosing between adequate housing and the other necessities of life. The County needs to encourage the development of moderately priced housing and the moderation of prices for existing housing in a manner which respects private property rights.

C. EXISTING HOUSING CONDITIONS

The supply of existing housing is one of the community's most valuable resources. The condition of this housing needs to be protected and improved if the County is to remain a desirable place to live. Although this improvement is the direct responsibility of County property owners the County needs to become an active participant in the housing conservation process.

D. EQUAL HOUSING OPPORTUNITY

A community's housing stock is of little value to a person who is excluded from its benefits. All County residents need to have equal access to housing regardless of their age, race, creed, marital status, ethnic background or other arbitrary factors. Those who are physically handicapped need to be provided with an adequate supply of housing which is free to barriers to their mobility. Landlords and tenants need to acknowledge and fulfill their responsibilities to each other in a way which meets the needs of both parties.

VI HOUSING ACTION PLAN

A. INTRODUCTION

This chapter of the Housing Element contains the County's plan for meeting the housing needs outlined in previous sections. It begins with a narrative summary of some of the concrete actions the County has taken in the past decade to further housing opportunities for all County residents. It is believed that this background will put planned actions in perspective. The chapter then elaborates on the County's housing goals: general statements of desired future conditions toward which effort will be directed. Although these goals are expressed in general, terms they are useful in establishing a unified direction for the community.

Each of the four goals outlined are made more specific through the statement of more specific objectives. The strategy of implementing these objectives is outlined through the development of policies and programs. Policies are specific principles adopted by the County to meet housing need; programs are organized sets of actions or activities which the County will directly implement. Only by implementing these policies and programs will the housing needs of the community be met. While some programs are aimed at taking advantage of a particular funding source or other opportunity, others are addressed at eliminating a government or private market constraint to the achievement of the desired objective.

The numbering sequence used is complex but consistent with the remainder of the County's general plan. The Housing goals, objectives, policies, and programs comprise section 9.0 of the General Plan. The goals are numbered 9.1, 9.2, 9.3 and 9.4. Objectives are listed under the appropriate goal and consecutively numbered, such as 9.1.1, and 9.1.2. Policies are consecutively numbered following the appropriate policy, such as 9.1.1.1. Programs are sometimes grouped under a particular policy. If this is the case they are numbered consecutively after the relevant policy: for example, 9.1.2.102 is the second program aimed at implementing policy 9.1.2.1. If the program is aimed at directly implementing an objective it is numbered in the 900s: such as 9.2.2.901.

In stating the County's housing plan, the Housing Element distinguishes the level of County commitment. "Shall" indicates an unequivocal commitment which is translated into standards, ordinances, and funding allocations; "should" signifies a flexible commitment which may not be honored due to compelling countervailing considerations. Housing goals and objectives have often been articulated by all levels of government and others in our society. These goals and objectives have rarely, if ever, been fully achieved by the private market, or the public sector. This chapter of the Housing Element outlines a redefinition of, and a rededication to, these housing goals and objectives.

B. CURRENT COUNTY HOUSING ACTIONS

As stated in previous chapters of this element, the County's involvement with housing must cover a broad spectrum of needs. Following is a narrative summary of some of the actions the County has taken for housing in the past decade.

A strict but attainable goal for affordable housing was set within the voter adoption of Measure J, a 1978 growth control initiative. This initiative mandates that at least 15% of all new housing constructed in the County be affordable to average or below average income households. As the County issues approximately 1000 building permits a year, this means that at least 150 new units need to be constructed each year which are affordable to people with incomes below 120% of the median. County actions to meet this 15% goal can be broken down into two broad areas: regulation and active involvement. Using its regulatory powers, the County adopted an inclusionary housing program shortly after the adoption of Measure J. This inclusionary program requires that any developer who is building 5 or more units in the unincorporated County must provide at least 15% of these units at rents which are affordable to lower income households or at sales prices which are affordable to moderate income households. Developers are encouraged to not only provide the required 15% but to provide 25% lower cost housing. The County uses the incentives of priority processing (which gets developers through the planning process more quickly), incentive zoning (which allows a higher density), and a permit allocation system which emphasizes affordable housing.

In the 6 years since the County has had an inclusionary program, several other programs to encourage affordable housing have also been developed. An innovative small contractors program has been developed which allows building contractors doing a small volume of work to gain access to building permits for market rate housing if they agree to build an affordable home.

Through the inclusionary, small contractor, and related programs, 288 lower cost housing units have been built in the past 6 years. Approximately half of these have been available for rent to lower income households, many of whom are senior citizens, and the other half have been ownership housing priced to enable moderate income households into the housing market. These housing units have been purchased by bus drivers, school teachers, secretaries and bank tellers. The number of units created through this program has made Santa Cruz's inclusionary program one of the largest and most successful in the state and country. These units have been created through the County's regulatory powers, but their continued affordability has taken a much more active involvement. The County, through a contract through the Housing Authority, has been actively marketing and selling these units to moderate income families. The County has also provided below market rate financing, for these units through an agreement with a local lender and more recently through the issuance of tax exempt mortgage revenue bonds. A total of \$4.8 million has to date, been reserved for this program, and of this almost \$3 million has already been committed in the form of mortgages.

Through its active involvement in the housing development process, the County has also worked extensively with developers to build federally assisted housing. In the past 6 years, 370 units of federally assisted housing have

been constructed in the unincorporated portion of Santa Cruz County for families and the elderly. County staff has worked with developers to locate appropriate sites for affordable housing. The County has leased land to the Housing Authority for farmworker housing. The County has provided Community Development Block grant funds for the provision of off-site improvements for these developments.

But it has also been the County's regulatory powers which have insured the construction of federally-assisted housing. Developers have the option of meeting their 15% requirement inclusionary requirement either by building lower cost housing within their own development or or assisting in the construction of affordable housing offsite. Many developers have taken this "transfer of credit" option, and through this have provided the necessary funds for the Housing Authority and private developers to construct federally assisted housing. Through this process, Santa Cruz has remained very competitive as a recipient for federally assisted housing and has received a proportionately larger share of these developments than most counties.

Through the development of inclusionary housing and federally assisted housing, the County has come very close to meeting its Measure J requirement that 15% of all new dwelling units be affordable. To date the County has fulfilled over 75% of that requirement through the construction of over 650 lower cost housing units. Although the need for affordable housing goes well beyond 650 units, the progress made has allowed many low and moderate income households to move into safe, sanitary, and quality housing which they would otherwise not have been able to afford or occupy.

County housing activities have not been limited to the construction of lower priced housing. In November 1984 the County completed its second issuance of tax exempt mortgage revenue bonds for single family ownership housing. The two bonds issues include more than \$35 million for mortgages to allow first time buyers to purchase housing. These bonds not only assist the purchasers but also assist the development community in finding a ready market for their product. The County Housing Authority has been active in issuing bonds for multi-family housing. To date, the housing authority has done 5 bond issues to assist in the construction of 556 housing units in the unincorporated portion of Santa Cruz County as well as the cities within the County.

The County has been very active in assisting in the rehabilitation of private homes. In 1976 the County began utilizing both community development block grant funds and revenue sharing monies to assist in housing rehabilitation. By providing technical services to the homeowners and landlords and by providing low interest loans the County has completed the rehabilitation of 147 units since 1976. Monies invested in this program not only assist the specific homeowners and renters assisted but are an investment in the community as a whole through neighborhood revitalization.

Looking into the future, Santa Cruz County knows that it cannot by itself improve the housing conditions of our community. The County must work very closely with state and federal agencies to provide financial assistance, with banks and lending institutions to show a social conscience in lending decisions and with the private developers and property owners to become active participants in the construction of quality affordable housing.

As assistance for housing has been drying up at the federal level, and in a domino like fashion monies have become less available at the state and local level. Santa Cruz County has been active in encouraging additional funds to be appropriated at the federal level for the construction of new Section 8 housing, Section 202 housing for elderly and handicapped, Farmers Home Administration Housing and housing rehabilitation. It is with the help of these funds that Santa Cruz County has been able to make great progress in improving housing for our residents. If these funds dry up, as they are, the County will find it much more difficult to provide for our community housing needs.

The County has been very successful in the past in working with private lenders for our housing programs. In 1981, the County Housing Authority signed a loan agreement with County Bank, a local lender responsive to community needs, to provide \$1 million in low interest rate funds for the purchase of inclusionary housing. It is through this cooperation with the County Bank that many individuals were able to afford homes in the time where interest rates were in 16, 17, and 18% range. Currently the County works with the Bank of America in a program which will provide leveraged loans for our housing rehabilitation program. This program allows for a more efficient utilization of the County's Community Development Block Grant funds and should stretch our dollars in the rehabilitation of more homes. Santa Cruz County encourages lenders to take a look at how their funds are invested in the community. Lenders need to look at financing the development of second dwelling units which are now beginning to be built throughout the state of California, including Santa Cruz County. Many elderly in Santa Cruz and throughout the state own homes that have \$50,000 to \$125,000 in equity locked up in them and yet they don't have the money to feed themselves properly, pay medical bills, or make needed home repairs. Lenders need to look at the possible use of reverse annuity mortgages for these seniors, so that they can gain some of the equity from these homes to provide living expenses.

The County needs to work with developers to find ways that housing can be built more efficiently and at a lower cost without sacrificing the quality of the home and the environment in which it is situated. For a number of years one County supervisor sponsored a bi-weekly housing group in which developers and County staff could exchange ideas in an informal setting. The County is interested in continuing this dialogue with developers on ways in which innovative design, new construction methods, and reduced amenities can bring in quality housing at a lower cost to its occupants.

It is also encumbant upon the County to examine its planning and building regulations and the planning process to ensure that these do not present unfair requirements on the private developer. Along this line the County has completed a study on ways to streamline the permit process within Santa Cruz County. The County is now beginning to implement this streamlined process. The County Planning Department is also acquiring computer technology so that the County's records can be kept more efficiently and economically. These improvements should make the development process in Santa Cruz County easier to understand and easier to get through and as a result should assist in the lowering of housing costs.

It is only through the cooperation of the public an private sector that housing opportunities will be created. Santa Cruz County hopes that in the next few years these housing opportunities will become housing realities.

C. GOALS, OBJECTIVES, POLICIES & PROGRAMS

1. GOALS

- 9.1 **HOUSING SUPPLY:** TO INSURE A DECENT HOME AND A SUITABLE LIVING ENVIRONMENT FOR ALL COUNTY RESIDENTS.
- 9.2 **HOUSING AFFORDABILITY:** TO PROTECT AND INCREASE THE SUPPLY OF HOUSING AFFORDABLE BY LOW AND MODERATE INCOME HOUSEHOLDS.
- 9.3 **EXISTING HOUSING CONDITIONS:** TO MAINTIAN AND IMPROVE THE PHYSICAL CONDITION OF EXISTING HOUSING.
- 9.4 **EQUAL HOUSING OPPORTUNITY:** TO INSURE THAT ALL COUNTY RESIDENTS HVE EQUAL ACCESS TO HOUSING OPPORTUNITIES.

2. HOUSING SUPPLY

OBJECTIVES

- 9.1.1 To insure that sufficient housing is available for all current and future County residents in a manner that respects the physical limitations of the land and the capacity of public services and facilities.
- 9.1.2 To concentrate residential development in those areas most appropriate for development, including those areas where urban facilities are most adequate and which are closest to employment.
- 9.1.3 To address the County's need for public services and facilities as an aid to creating new housing.
- 9.1.4 To eliminate restrictions which act as constraints to needed housing development.
- 9.1.5 To maintain the desirable character of existing residential communities.

POLICIES

- 9.1.1.1 Annually set growth goals for the unincorporated County which allow sufficient residential building permits to meet the County's fair share of statewide growth. New residential development shall provide for adequate public services such as roads, parks, drainage, and roadside improvements at the time of project approval, or the County shall have specific capital improvement plans underway to provide the required public facilities. The established growth rate has been:
 - 1979 - 2.2%
 - 1980 - 2.4%
 - 1981 - 2.1%
 - 1982 - 2.0%
 - 1983 - 2.0%
 - 1984 - 2.0%
 - 1985 - 1.5%
- 9.1.2.1 Encourage residential growth in areas contiguous with existing development in order to reduce the cost of public services.
- 9.1.2.2 Designate the maximum feasible area within the Urban Service Line as Urban Medium and Urban High Density so as to encourage the maximum utilization of urban land.

- 9.1.2.3 Consider Urban Medium and High Residential density areas for building at the high end of the density range designated in the General Plan. Maximum density shall be recommended when a parcel is near a bus line, shopping, public facilities, is free of environmental concerns and the proposed development is well designed. Proposed developments at a density below the general plan density range shall not be approved.

PROGRAMS

- 9.1.1.101 Annually examine statewide population trends, regional housing need, and the capabilities for unincorporated County growth and recommend a growth rate and an allocation of residential building permits for the next calendar year. The AMBAG projected need of 4890 new construction units over the next 5 years will be taken into consideration in setting this growth rate. This allocation will be made by size of development, proportion affordable, and urban vs. rural. Responsibility: Planning Department, Planning Commission, Board of Supervisors. Ongoing.
- 9.1.2.101 Annually allocate the majority of new residential building permits to those areas within the Urban Service Line. Ongoing.
- 9.1.3.901 Plan, schedule, and budget for public improvements in the form of a capital improvements program to facilitate residential construction and orderly community development. Responsibility: Planning Department, Planning Commission, Board of Supervisors. Target Date: 1984-5.
- 9.1.3.902 Prepare and utilize a standardized method for assessing the public costs, both immediate and long-term resulting from major residential developments. Develop appropriate cost-recovery measures so as to maintain the County's fiscal capacity to provide and maintain the necessary public improvements. A consideration of the relationship of jobs and housing will be included within this methodology. Responsibility: Planning Department, Planning Commission, Board of Supervisors. Target Date: 1985-6.
- 9.1.4.901 Review development standards as they effect housing supply and cost. In reviewing existing development standards, the County should examine existing maximum lot coverage percentages, height limitations, and minimum lot sizes in an attempt to facilitate smaller lots and more modestly priced housing units. Additionally review the potential advantages of zoning land on a "floor area ratio" basis as compared to the existing "units per acre" basis. Where reductions or a lessening of requirements will not adversely affect the overall quality of housing or increase adverse environmental impacts, revised development standards shall be adopted. Responsibility: Planning Department, Planning Commission, Board of Supervisors. Target Date: 1985-6.

- 9.1.4.902 Review current processing policies and procedures to eliminate unnecessary delays and restrictions. Responsibility: Planning Department, Planning Commission, Board of Supervisors. Target Date: 1985-6.
- 9.1.4.903 Annually review development fees to insure that they are consistent with the cost of providing planning services and the needed public improvements. Responsibility: Planning Commission, Board of Supervisors. Ongoing.
- 9.1.5.901 Establish a formal procedure to ensure that all County actions and programs addressing housing and neighborhood concerns are coordinated, and that neighborhood concerns are acknowledged and considered. Responsibility: Planning Department, Planning Commission, Board of Supervisors. Target Date: 1986-7.

3. HOUSING AFFORDABILITY

OBJECTIVES

- 9.2.1 To encourage the maintenance of existing housing price levels.
- 9.2.2 To insure that an adequate number of modestly priced housing units are constructed.
- 9.2.3 To require that at least 15% of the housing constructed within Santa Cruz County shall be available for purchase or rental by persons with low or moderate income for a thirty year period.
- 9.2.4 To disperse affordable housing throughout the unincorporated County.
- 9.2.5 To reduce residential energy use in order to decrease housing costs and conserve the resource.

POLICIES

- 9.2.1.1 Prohibit the conversion of existing projects into condominiums, townhouses, cooperatives, or community apartment projects unless the County housing vacancy rate is sufficiently high to ensure the availability of rental units. Regulate conversions to ensure that existing project tenants are adequately notified and provide the first opportunity to purchase the units.

- 9.2.1.2 Encourage, and in some cases require, replacement of affordable housing units demolished, converted to non-residential uses, or converted to condominiums/cooperatives as provided for in County Code Sections 12.06.060 and 14.01.040.
- 9.2.1.3 Cooperate to the maximum feasible extent with all public and private housing agencies in mutual efforts to provide affordable housing.
- 9.2.1.4 Stabilize space rents within mobile home parks.
- 9.2.1.5 Regulate the conversion of mobile home parks to other uses to protect the existing supply of mobile home housing.
- 9.2.1.6 Encourage a better utilization of the existing housing stock.
- 9.2.2.1 Encourage large developments to include a minimum percentage of smaller, minimum amenity, unfinished housing units, at reduced market prices, which can be expanded as the purchasers' needs and incomes change.
- 9.2.2.2 Encourage the construction of mobile home parks, modular or prefabricated housing, and other innovative building techniques designed to lower the cost of housing but only if consistent with service capabilities and ability to minimize visual impacts.
- 9.2.3.1 Require all developments of five or more units or land subdivisions of five or more lots to include at least 15% of the total number of units to be constructed which are affordable to low and moderate income households.
- 9.2.3.2 Allow increases in residential density above the otherwise applicable General Plan designations for developments where either a) 25% of the units are affordable to low or moderate income households; or where b) 15% of the units are affordable to low or moderate income households of which at least 10% of the development is affordable to low income households as defined in Chapter 17.10 of County Code. This increased density is allowed provided the project is sensitive to environmental constraints and resources and is consistent with anticipated future neighborhood character. (Table VI-B-1 shows applicable densities.)
- 9.2.3.3 Allow increases in residential density above the otherwise applicable General Plan designations for Senior Citizen housing developments which are 100% affordable as defined in Chapter 17.10 of County Code provided the project is sensitive to environmental constraints and resources and is consistent with anticipated future neighborhood character. (Table VI-B-1 shows applicable densities.)

TABLE VI-C-1: INCENTIVE ZONING

General Plan Designation	Standard	MAXIMUM AVAILABLE DENSITY		
		25% or More Affordable; or 15% or More Affordable (with 10% or more affordable to low income) or 50% or more reserved for qualified residents* as defined in Section 51.2 of the Civil Code	100% Affordable Elderly	
			Ownership	Rental
Urban Low Residential:				
SFD:	R-1-20/R-1-6	R-1-5	R-1-4	R-1-4
MFD:	RM-6	RM-5	RM-4	RM-4
(DU/A):	(2.2-7.3)	(8.7)	(10.9)	(10.9)
Urban Medium Residential:				
SFD:	R-1-5/R-1-4	R-1-3.5	N/A	N/A
MFD:	RM-5/RM-4	RM-3	RM-2.25	RM-2
(DU/A):	(8.7-10.9)	(12.4-14.5)	(19.4)	(21.8)
Urban High Residential:				
SFD:	R-1-3.5	N/A	N/A	N/A
MFD:	RM-3RM-2.5	RM-2	RM-1.5	RM-1.25
(DU/A):	(14.5 - 17.4)	(21.8)	(29.0)	(34.8)

SFD = Single-family residential development

MFD = Multiple residential development

DU/A = Dwelling units per acre

All zoning acreage figures are net developable land.

Application of Incentive Zoning is subject to conformance with the Housing Assistance Plan, the County policy for geographic distribution of affordable housing, and determination that increased density is consistent with the County Neighborhood Preservation Policies. (See General Plan Section 8.3) Elderly units must be specially designed for seniors in accordance with applicable HUD standards for elderly housing.

* Persons 62 years of age or older, or persons 55 years of age or older in a senior citizen housing development consisting of at least 150 dwelling units

- 9.2.3.4 Give priority processing to any project of which either: a) 25% of the units are affordable to low or moderate income households, or of which b) 15% of the units are affordable to low or moderate income households of which at least 10% of the development is affordable to low income households as defined in Chapter 17.10 of County Code, or of which c) 50% of the units are reserved for qualified residents as defined in Section 51.2 of the Civil Code (refer to footnote on Table VI-C-1). Upon receipt of a completed application meeting this criterion the Department shall:
- o Assign the proposal to specific development review staff
 - o Process the proposal in advance of all non-priority processing proposals
 - o Once development review is completed, schedule the proposal for the next available Planning Commission and Board of Supervisor meeting.
- 9.2.3.5 Provide technical assistance to public or private developers, both for-profit and non-profit, who sponsor assisted housing for low or moderate income households.
- 9.2.4.1 Cooperate with all local jurisdictions and the Association of Monterey Bay Area Governments (AMBAG) in developing and implementing local and regional housing plans and programs so as to proportionately distribute low and moderate income housing throughout the region.
- 9.2.4.2 Prohibit the transfer of affordable housing credits from affordable developments which are located in close proximity to existing lower cost developments or from affordable housing developments in the Live Oak Planning Area to market-rate developments outside of this planning area.
- 9.2.5.1 Require all new residential construction to comply with Title 24 Residential Energy Standards.
- 9.2.5.2 Require maximum solar access orientation in setting new residential development, and protect access in existing development.

PROGRAMS

- 9.2.1.301 Continue to work with the Housing Authority, non-profit housing developers, and for-profit developers on locating sites for affordable housing and developing policy changes necessary to facilitate the construction of affordable housing. Responsibility: Planning Department, Planning Commission, Board of Supervisors. Ongoing.

- 9.2.1.302 Continue to develop and maintain an inventory of vacant and underutilized parcels which are suitable for affordable housing. Responsibility: Planning Department. Ongoing.
- 9.2.1.401 Continue to implement Chapter 13.13 of County Code which establishes the mobile home rent stabilization program. Outreach will be made to insure that mobile home park owners and residents fully understand the provisions of this law. Responsibility: District Attorney, Mobile Home Commission. Ongoing.
- 9.2.1.501 Continue to enforce Chapter 13.30 of County Code which protects mobile home owners from the conversion of mobile home parks to other uses. Responsibility: District Attorney, Mobile Home Commission, County Counsel. Ongoing.
- 9.2.1.601 Assist organizations, such as Project SCOUT, which match underutilized housing unit owners with potential boarders. Responsibility: Planning Department. Target Date: 1985-6.
- 9.2.1.901 Monitor funding sources, including the state Homeownership Assistance Program to determine if County residents could utilize them to purchase manufactured housing, condominiums, or cooperatives recently converted from rental apartments. If local residents could benefit the County will assist in program application. Responsibility: Planning Department. Target Date: 1984-5.
- 9.2.1.902 Inform the Santa Cruz County Board of Realtors, and others, of the benefits of utilizing tax-exempt mortgage revenue financing for existing housing. Responsibility: Planning Department. Target Date: 1984-5.
- 9.2.2.201 Review the vacant and underutilized land in the County to determine which sites would be most appropriate for the development of a mobile home park or manufactured housing subdivision. Develop appropriate regulatory procedures to assure that visual and use impacts are minimized. Responsibility: Planning Department. Target Date: 1985-6.
- 9.2.2.901 Continue a tax-exempt mortgage revenue bond program to assist moderate and medium income households purchase owner occupied housing. The County will work with local developers to structure a bond issue which will best meet the needs of the development community and prospective purchasers. Methods of reducing upfront costs, and of procuring construction financing will be sought. Responsibility: Planning Department, Housing Advisory Commission, Board of Supervisors. Target Date: 1984-5.

- 9.2.2.902 Continue to review various housing financing plans to determine if any are sufficiently beneficial to housing consumers to merit County support and action. Examples of financing techniques to be examined are cooperatives, shared appreciation mortgages (SAMS), and reverse annuity mortgages (RAMs). Responsibility: Planning Department. Ongoing.
- 9.2.2.903 Implement State regulations on owner-built rural housing. Responsibility: Planning Department, Planning Commission, Board of Supervisors. Target Date: 1986-7.
- 9.2.2.904 Continue to allow a permanent second dwelling unit to be constructed on the same site as an existing single family dwelling, as allowed for in County Code Sections 13.10.681 and 13.10.685 provided that the unit is an affordable housing unit as defined in County Code Chapter 17.10. Responsibility: Planning Department, Board of Supervisors. Ongoing.
- 9.2.3.501 Continue to identify suitable sites for affordable housing, establish liaison with federal and state housing agencies, monitor and availability of government assistance, evaluate the feasibility of proposals and assist in securing funding, including the use of Community Development Block Grant funds. Responsibility: Planning Department. Ongoing.
- 9.2.3.901 Continue to identify, facilitate, and aggressively seek the use of the maximum amount of funds available for the development of affordable housing. Sources include the U.S. Department of Housing and Urban Development, California Housing Finance Agency, Farmers Home Administration, and the State Department of Housing and Community Development. Responsibility: Planning Department, Housing Advisory Commission. Ongoing.
- 9.2.3.902 Fund, and continue to implement, as resources permit, the Housing Development Fund to provide a source of short term financing for predevelopment costs for assisted housing developments. Responsibility: Planning Department, Housing Advisory Commission, Board of Supervisors. Target Date: 1987-8.
- 9.2.3.903 Implement the Land Acquisition Program as resources permit whereby sites suitable for assisted housing developments are purchased by the County and conveyed to private developers willing and able to construct housing affordable by low or moderate income households. County owned parcels suitable as sites for assisted housing should be considered for conveyance for the development of affordable housing. Responsibility: Planning Department, Housing Advisory Commission, Board of Supervisors. Target Date: 1987-8.

- 9.2.3.904 Continue to designate sites appropriate for developing assisted housing as "affordable housing priority sites" on the General Plan Land Use maps. The owner of these designated sites shall develop 100% affordable housing on these sites. If the owner submits a development application for a designated site, or a portion of it, for other than 100% affordable housing the County will have a 12 month option to acquire the property. If the County decides to acquire the parcel, the County shall make payment for such acquisition within an additional 12 months and shall enter into a lease agreement with the landowner in the interim. If the County decides not to acquire the property, the owner may proceed with development consistent with General Plan density and land use policies provided that a minimum of 35% of the units are affordable. (Exhibit VI-B-2 outlines the site review procedure for these sites.) Responsibility: Planning Department, Housing Advisory Commission, Planning Commission, Board of Supervisors. Ongoing.
- 9.2.3.905 Continue, and allocate sufficient building permits to, the "Small Contractor Program" by which developments of four and fewer units contribute to the cost of providing affordable housing. Responsibility: Planning Department, Board of Supervisors. Ongoing.
- 9.2.4.201 Develop and implement a policy which encourages the proportional distribution of low and moderate income housing in the County based on the existing supply of affordable housing, the development potential of the area, and the access to employment opportunities. The County will seek to direct developers to vacant developable sites outside of areas of existing lower cost housing for the development of affordable housing. Responsibility: Planning Department, Planning Commission, Board of Supervisors. Target Date: 1988-9.
- 9.2.5.901 Continue to implement the provisions of County Code Chapter 12.22 which require the installation of cost-effective weatherization techniques in connection with the sale or transfer of multi-family residential property. Responsibility: Planning Department. Ongoing.

4. EXISTING HOUSING CONDITIONS

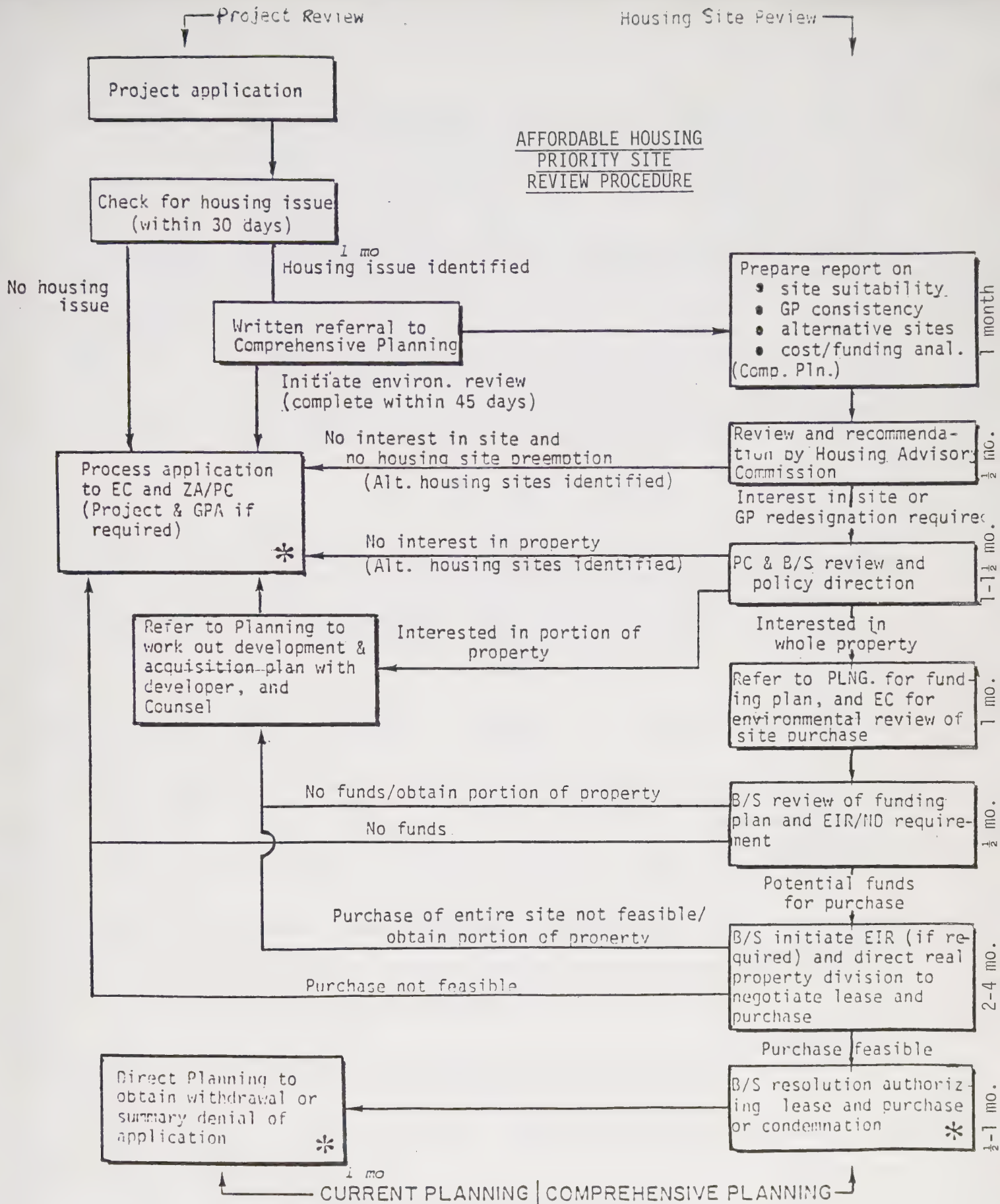
OBJECTIVES

- 9.3.1 Encourage the private rehabilitation and conservation of housing so that within the next five years 25% of all housing units needing rehabilitation are rehabilitated (a total of 1150 units) and work is initiated to conserve 15% of the sound housing in the County (a total of 6000 units).

EXHIBIT VI-C-2
AFFORDABLE HOUSING PRIORITY SITE REVIEW PROCEDURE

When a development project is proposed on a designated housing site, the following procedure shall be followed:

1. When the project application is reviewed for completeness, (within 30 days of application), it shall be determined if the project is located on a designated housing site.
2. If a housing review is necessary, the project planner shall immediately refer the issue to Comprehensive Planning staff in writing.
3. Comprehensive Planning staff shall review the housing site and shall either prepare a written report or work with Housing Development Fund Task Force to prepare a written report covering the issues of:
 - a) site suitability for affordable housing
 - b) General Plan consistency (65402 review)
 - c) potential costs and funding availability
4. The environmental review of the project shall be completed within 45 days of the referral to Comprehensive Planning, and shall include consideration of their report on the affordable housing site.
5. The housing site review shall be consecutively scheduled as appropriate for consideration by the Housing Advisory Commission, Planning Commission, and Board of Supervisors for recommendation and policy decision resulting in:
 - a) County Acquisition of the site is not appropriate: In this case, the project application would proceed through normal processing or,
 - b) A portion of the site is desired for housing: In this case, the staff would be directed to work out a project design to accommodate affordable housing on the portion of the property to be purchased by the County and the redesigned project would then proceed through normal processing or,
 - c) All of the property is required for affordable housing: In this case, the County would arrange to purchase the property.
6. If, as a result of the housing review, a project is allowed to proceed and thereby preempt affordable housing development on a designated site then a General Plan and Local Coastal Program Land Use Plan amendment must be processed prior to the project application to redesignate an affordable housing site in an alternative location on the General Plan and Local Coastal Program Land Use Plan.



*These items must be completed within one year of application pursuant to 804 and General Plan requirements.

- 9.3.2 To actively participate in the rehabilitation process with technical assistance and low interest loans.

POLICIES

- 9.3.1.1 Implement the State of California Housing Rehabilitation Guidelines so that a property owner can repair a dwelling unit using methods and materials as originally used, such as a pier and post foundation, unless the Building Official determines that this would continue a condition which is dangerous to life or property. Any addition to a structure, however, must comply with present codes.
- 9.3.1.2 Encourage the relocation of residential structures scheduled for demolition, as called for in Chapter 12.06 of County Code.

PROGRAMS

- 9.3.1.901 Establish a policy concerning Housing Code enforcement which defines the respective responsibilities and functions of County Environmental Health Services and the Inspection Services Division of the Planning Department for the enforcement of the Uniform Housing Code. Responsibility: Board of Supervisors. Target Date: 1984-5.
- 9.3.1.902 Utilize, for substandard rental units, the sanctions of Section 17299 of the Revenue and Taxation Code which authorize the termination of state income tax deductions for interest, taxes, and depreciation for substandard residential rental property. Responsibility: Planning Department. Target Date: 1985-6.
- 9.3.2.901 Continue to seek and utilize the maximum available amount of loan and grant funds from state and federal sources for the physical rehabilitation of substandard or deteriorated residential housing units owned and/or occupied by low and moderate income households. This includes, but is not limited to, applying for funds through the Community Development Block Grant Program. Responsibility: Planning Department, Housing Advisory Commission, Board of Supervisors. Ongoing.
- 9.3.2.902 Continue a housing rehabilitation program in the Freedom/Buena Vista area until the need in that area is substantially met, and in 1985 implement a program in the Live Oak area. Additional target areas will be sought. Responsibility: Planning Department, Housing Advisory Commission. Ongoing.

- 9.3.2.903 Apply for additional loan and grant funds for housing rehabilitation financing when these are available. Sources which will be evaluated include the HUD/State Community Development Block Grant (CDBG) Program, the HUD Section 312 Rehabilitation Loan Program, the CHFA Home Ownership/Home Improvement Program and the FmHA Section 502/504 Home Repair Program. Responsibility: Planning Department, Housing Advisory Commission, Board of Supervisors. Ongoing.
- 9.3.2.904 Continue to assist other organizations, including the Housing Authority and PROD, Inc., in developing and implementing housing rehabilitation assistance programs. Examples include the Section 8 housing rehabilitation programs and the California SB 910 Housing Advisory Service program. Responsibility: Planning Department, Housing Advisory Commission. Ongoing.
- 9.3.2.905 Continue to give priority to the rehabilitation of the most deteriorated housing units, particularly rental units within the County's housing rehabilitation loan program, including provisions to allow continued occupancy by low and moderate income persons, as provided for within the Housing and Neighborhood Development (HAND) Program Guidelines. Responsibility: Planning Department. Ongoing.

5. EQUAL HOUSING OPPORTUNITY

OBJECTIVES

- 9.4.1 To promote equal housing opportunity for all persons regardless of age, race, sex, marital status, ethnic background, employment, physical condition, family size or other arbitrary factors.
- 9.4.2 To clarify and improve the relationship between tenants and landlords in order to ensure that both groups recognize, acknowledge, and fulfill their legal responsibilities concerning housing.
- 9.4.3 To encourage the development of sufficient housing to meet the needs of the physically handicapped.

POLICIES

- 9.4.3.1 Encourage the provision of housing which is accessible to the physically handicapped.

PROGRAMS

- 9.4.1.901 Fund The Legal Aid Society, or other designated agency, for the active local enforcement of the Federal Civil Rights Act, the State of California Rumford Fair Housing Act, the Unruh Fair Employment Act, the Fair Housing and Equal Credit Opportunity Act, the Financial Disclosure Act of 1977, and the Community Reinvestment Act. Responsibility: Board of Supervisors. Target Date: 1985-6.
- 9.4.1.902 Establish a referral process for housing discrimination complaints to the District Attorney's Office from County Departments and County-funded organizations. Responsibility: District Attorney, Board of Supervisors. Target Date: 1985-6.
- 9.4.1.903 Continue to prohibit discrimination against families with children in rental housing, as provided for in Chapter 8.40 of County Code. Responsibility: District Attorney, Board of Supervisors. Ongoing.
- 9.4.2.901 Continue to provide adequate funding to continue and expand the housing counseling services of the Legal Aid Society and the Office of Consumer Affairs, or other designated agencies, to assist landlords and tenants in understanding the provisions of state landlord/tenant law. Qualified mediators will be provided when appropriate. Responsibility: District Attorney, Board of Supervisors. Ongoing.

VII. HOUSING ELEMENT REVIEW AND REVISION

This Housing Element is designed to be the outline for County housing action through 1989. As housing conditions, needs and opportunities change there will be need to review the element on a regular basis and revise it when appropriate. This review will primarily take place as part of the annual general plan review which is made by the Planning Commission and Board of Supervisors at the end of every calendar year. The Housing Advisory Commission will take a major role in reviewing the progress of achieving the Housing Element goals. This will occur at the Commission's regular monthly meetings and particularly at the time of the annual general plan review.

A major revision to this element is scheduled for 1989. At that time County Planning staff will undertake a major review of population and housing trends and needs. From this review major revisions to the Housing Element will be developed, reviewed by the Housing Advisory Commission, Planning Commission, and proposed for approval to the Board of Supervisors.

VIII. GLOSSARY

The following abbreviations are used in the Housing Element:

AMBAG:	Association of Monterey Bay Area Governments
CDBG:	Comunity Development Block Grant
CHFA:	California Housing Finance Agency
CEQA:	California Environmental Quality Act
CIP:	Capital Improvements Program
FHA:	Federal Houisng Administration
FmHA:	Farmers Home Administration
HAC:	Housing Advisory Commission of the County of Santa Cruz
HCD:	Housing & Community Development Department of the State of California
HUD:	The U.S. Department of Housing & Urban Development

As used in this Housing Element the following terms and phrases shall have the meaning indicated.

AFFORDABILITY: The capacity of an individual to make initial monthly payments necessary to obtain housing. Affordability normally means paying 30% or less to a household's gross income for housing.

ASSISTED HOUSING: Housing which is directly subsidized by the federal or state government.

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS (AMBAG): A voluntary association of cities and Santa Cruz and Monterey counties in California's Central Coast region. It is formed by a Joint Powers Agreement to serve as a forum for discussion of regional issues. The association has been designated as an Areawide Planning Organization (APO) by the U.S. Department of Housing and Urban Development.

ARTICLE 34: A section of the California constitution requiring a referendum of the local electorate (with a simple majority approval) before a state or local agency can acquire, develop, or construct a low income rental housing project.

BLIGHT: A condition of site, structure, or other aspect of housing, or a neighborhood, that may cause nearby buildings or areas to decline in attractiveness or utility.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG): A grant program administered by the U.S. Department of Housing and Urban Development and the state Department of Housing and Community Development. This grant allots money to cities and counties for housing and community development. Jurisdictions set their own program priorities within specified criteria.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA): A State law requiring state and local agencies to regulate activities with consideration for environmental protection. If a proposed activity may have an adverse environmental impact, an Environmental Impact Report (EIR) must be prepared.

CALIFORNIA HOUSING FINANCE AGENCY (CHFA): A state agency established by the Housing and Home Finance Act of 1975, which is authorized to sell revenue bonds to generate funds for the development, rehabilitation, and conservation of low and moderate income housing.

CAPITAL IMPROVEMENTS PROGRAM: A program composed of a one year budget and five year program of capital projects. A capital project is generally a physical or public work of large size, fixed nature, long life (10 years or more), and costing in excess of \$3,000. Examples are streets, fire stations, and sewer lines.

COASTAL ZONE: An area generally a thousand yards wide extending inland from the Pacific Ocean. Under the 1976 California Coastal Act, counties in the coastal zone must prepare and adopt Local Coastal Plans and zoning ordinances.

DISINVESTMENT: Reduced maintenance or construction in a building or area due to a perception of reduced profit from a normal maintenance or construction.

ELDERLY: Persons 62 years of age or older.

FAIR SHARE ALLOCATION FORMULA: A system of allocating subsidized housing units by AMBAG to various areas of the region. Units are allocated on the basis of local responsibility calculated with a formula using factors of local need, local capability, and current concentrations.

FARMERS HOME ADMINISTRATION (FmHA): A federal agency within the U.S. Department of Agriculture which provides loans and grants for rural improvement projects and rural low income housing.

FEDERAL HOUSING ADMINISTRATION (FHA): A federal agency within the U.S. Department of Housing and Urban Development which provides mortgage insurance and guarantees for moderate income housing.

GOAL: A general statement of desired future conditions toward which effort will be directed.

HANDICAPPED: Persons determined to have a physical impairment or mental disorder expected to be of long or indefinite duration. The impairment or disorder is of such a nature that a person's ability to live independently could be improved by more suitable housing conditions.

HOUSEHOLD: All persons occupying a single dwelling unit.

HOUSING ADVISORY COMMISSION OF THE COUNTY OF SANTA CRUZ (HAC): A County Commission composed of ten members appointed by the Board of Supervisors to advise the Board and Planning Commission on housing policy and programs.

HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT OF THE STATE OF CALIFORNIA (HCD): The state agency principally charged with assessing, planning for and helping communities meet the housing needs of their residents.

HOUSING ASSISTANCE: A subsidy or payment by a government agency to families who otherwise would be unable to afford decent housing.

HOUSING AUTHORITY: A public corporation established to carry out the objectives of the Housing Authorities Law of California.

A housing authority is authorized to provide decent, safe and sanitary housing for low income families by using public funds to lease new or existing privately owned housing, or acquire land and build new publicly owned housing.

In addition, a housing authority is empowered to provide necessary tenant services, assist private housing organizations, perform other housing-related and determine income and other standards for admitting or evicting families.

The Santa Cruz County Housing Authority operates throughout the County of Santa Cruz, and the cities of Capitola, Santa Cruz, Scotts Valley, and Watsonville.

HOUSING ELEMENT: One of nine state mandated planning documents which make up the General Plan.

HOUSING UNIT: The place of permanent or customary abode of a person. It includes a single family dwelling, a multi-family dwelling, a condominium, a modular home, a mobile home, a cooperative housing unit, or any other residential unit considered real property under State law. It is also a dwelling that cannot be moved without substantial damage or unreasonable cost.

HOUSING MARKET AREA: An area having economic and social interdependence in the provision of employment, services and housing. AMBAG has defined 13 market areas in a region.

HOUSING NEEDS: The expectations of an individual or family, or society in general, to live in decent, safe and sanitary housing. After meeting a minimum standard, housing needs become housing desires.

HOUSING SPECULATION: The buying or selling of housing primarily to reap profits from inflation rather than to use a residence for the long term.

HOUSING SUITABILITY: A characteristic of housing type, tenure, condition, and price which roughly matches an individual or family with a proper dwelling, for example, a small apartment may be unsuitable housing for a family with six children.

LAND BANKING: A program where a local government buys land for later development. Public acquisition prevents alternative use and maintains the land cost at non-speculative levels. It can be used for the future development of low and moderate income housing.

LARGE FAMILY: A family of 5 or more persons.

LOW INCOME HOUSEHOLD: A household whose income adjusted for household size, is between 50% and 80% of the median household income of Santa Cruz County.

MAY: Permissive, leaving full discretion to the acting agent.

MARKET RATE HOUSEHOLD: A household which has the financial capacity to meet its housing needs and have a household income which, with adjustments for household size, exceed 120% of the median household income for Santa Cruz County.

MODERATE INCOME HOUSEHOLD: A household whose income, with adjustments for household size, is between 80% and 120% of the median household income of Santa Cruz County.

MUST: Mandatory, leaving no discretion.

OBJECTIVE: A specific statement of desired future conditions toward which effort is expended.

POLICY: A written or unwritten commitment to a goal or objective in the General Plan.

PROGRAM: An action or activity carried out in response to adopted policy to achieve a specific objective.

PUBLIC HOUSING: Housing units owned by a public agency, such as the County Housing Authority, which are rented to low and moderate income persons. These units are usually federally funded and rented at 30% or less of the tenants adjusted gross income.

SECOND HOME: A dwelling purchased primarily for recreational or speculative purposes.

SECTION 8 RENTAL ASSISTANCE (HUD): A rent subsidy program which is the main source of federal housing assistance for low-income persons. The program operates by providing "housing assistance payments" to owners, developers, and public housing agencies to make up the difference between the "Fair Market Rent" of a unit (set by HUD) and the tenant's contribution toward the rent which is calculated at 30% of their adjusted gross income.

Section 8 has four major programs - New Construction, Substantial Rehabilitation, Moderate Rehabilitation and Existing Housing. The New Construction, Substantial Rehabilitation, and Moderate Rehabilitation programs guarantee Section 8 payments to the owner of a newly constructed (or rehabilitated) project whenever tenants residing in the project are eligible to receive Section 8 assistance. The Existing Housing program, in contrast, gives a subsidy to the owner of an existing housing unit whenever an eligible family rents that unit. That is, in the first three programs the subsidy is tied to the project, while under the Existing Housing program, the subsidy follows the family which, by its choice of housing, determined where the payments shall be made. Existing Housing assistance is administered through a Housing Authority, while the New Construction, Substantial Rehabilitation and Moderate Rehabilitation programs can be utilized by private developers as well.

SECTION 202 (HUD): A program which provides direct federal loans at below-market interest rates to nonprofit sponsors for the construction or substantial rehabilitation of rental housing for the elderly and handicapped.

SECTION 235 (HUD): A program which provides interest reduction payments in order to lower the housing costs of lower income families attempting homeownership or membership in a cooperative association operating a housing project.

SECTION 312 (HUD): A program which provides direct 3% HUD loans to eligible homeowners residing in local government neighborhood preservation areas. Loans are for rehabilitation meeting the objectives of local plans and code compliance.

SENIOR CITIZEN: A person 62 years of age or older.

SHALL: A mandatory provision which must be followed.

SHOULD: Can and ought to, but not necessarily will.

SMALL FAMILY: A family of 4 or less persons.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD): The branch of the Federal Government which administers housing and development programs such as Section 8 and CDBG. Santa Cruz County is within the HUD's San Francisco Office jurisdiction.

VERY LOW INCOME HOUSEHOLD: A household whose income with adjustments for household size, is less than 50% of the median household income of Santa Cruz County.

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In addition to these documents, data was used from other sources including the U.S. Census, various state departments, Security Pacific National Bank, the Bank of America and the Santa Cruz County Board of Realtors.

APPENDIX A VACANT LAND SURVEY

This is an inventory of parcels in the unincorporated portion of Santa Cruz County which are potential sites for affordable housing development. All of these parcels are either vacant or underutilized, within the Urban Services Line and 2 acres or larger (with the exception of a few parcels less than 2 acres which are directly adjacent to another large parcel on the list). The initial list of sites was developed using a computer printout of vacant parcels meeting these criteria. Additional sites were identified through field inspection out by Planning Department staff. In addition to size, other criteria such as general location (compatibility with surrounding developments as well as access to public transportation, schools and shopping), development constraints and General Plan designation were factors considered.

It should be noted that projects may already be pending on some of these parcels. Proposed project design and density will be reviewed for consistency with environmental constraints, resources, consistency with anticipated future neighborhood character, the availability of public services, and the cumulative impacts of development. The identification of a parcel on this survey does not guarantee project approval. Development proposals should take into account any new constraints which may have developed since this directory was prepared.

The following is a key to the General Plan Designations referred to in this directory.

AG - Agriculture

RUR - Rural Residential = 2-1/2-20 acres/dwelling unit

SUB - Suburban Residential = 1-5 acres/dwelling unit

UR - Urban Reserve = 5,000-20,000 square feet/dwelling unit if services are extended

UL - Urban Low Density Residential = 4,000-20,000 sq ft/dwelling unit

UM - Urban Medium Density Residential = 2,000-5,000 sq ft/dwelling unit

UH - Urban High Density Residential = 1,250-3,500 sq ft/dwelling unit

The following designations would require a General Plan amendment to a residential land use designation to allow housing development.

- Community Commercial
- Service Commercial
- Urban Open Space

NOTES: North is toward the top of the page unless otherwise noted.
An asterisk (*) indicates those sites that do not have unit capacity designation and may require a General Plan Amendment prior to receiving a designation.

The following chart summarizes the number of acres and unit holding capacity of the identified parcels:

SURVEY SUMMARY

<u>General Plan Designation</u> <u>(Dwelling Units/Acre)</u>	<u>Number of Acres</u>	<u>Holding Capacity</u>
Urban High (14.5 - 34.8 units)	30.00 ac	435 - 1044 units
Urban Medium (8.7 - 21.8 units)	115.45	1004 - 2517
Urban Low (2.2 - 10.9 units)	49.50	109 - 540
Urban Reserve (2.2 - 10.9 units)	108.25	238 - 1180
Suburban (1 - 5 ac/du)	5.25	1 - 5
Rural Residential (2-1/2 - 20 ac/du)	2.00	1 - 1
Non-Residential	<u>32.50</u>	<u>0 - 30*</u>
Survey Total	342.95 ac	1788 - 5317 units

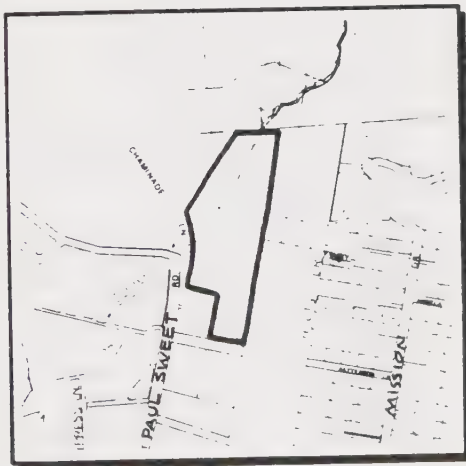
* one parcel (#31) is designated "Neighborhood & Tourist Commercial, with the additional potential for 30 affordable units.

	LOCATION	APN	GENERAL PLAN DESIGNATION	APPROX. # ACRES	APPROX. UNIT CAPACITY
1.	Live Oak	25-091-45	Urban High	6	100



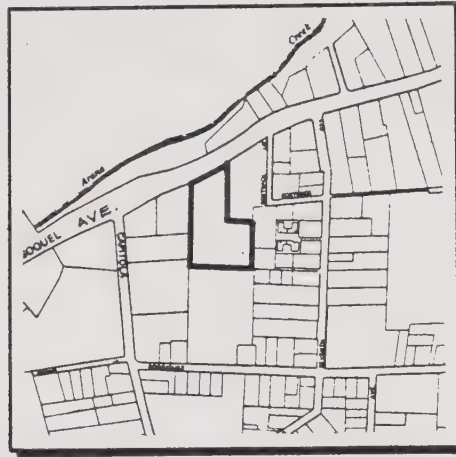
Parcel is level and readily developable, location is suitable for housing and represents a major development potential. Excellent access to Public Transit; possible noise impacts from Soquel Drive.

2.	Live Oak	25-013-34	Urban Low Suburban	3-1/2 4-1/2	8-30 *
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The front 1/2 of this parcel is level, the back portion is too steep for development. The parcel to the East is a P.G. & E. station. Access is from Paul Sweet Road. Public Transit Access is good. School and shopping access is fair.

	LOCATION	APN	GENERAL PLAN DESIGNATION	APPROX. # ACRES	APPROX. UNIT CAPACITY
3.	Live Oak	26-021-16	Community Commercial	3	*



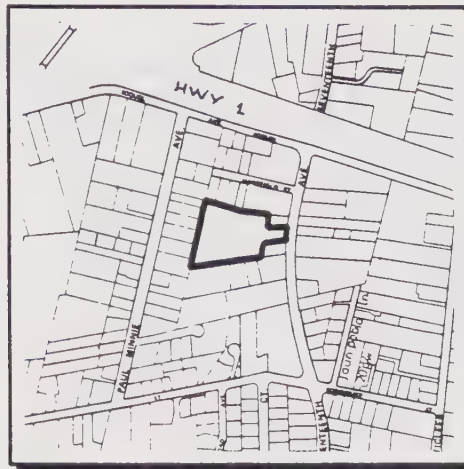
The Old Flea market is at the front of this lot. The back portion is level and best for development. Access is from Soquel Avenue. Public Transit Access is good. School and shopping access is fair.

4.	Live Oak	26-031-15	Service Commercial	2-1/2	*
		26-031-16	Service Commercial	2-1/4	*



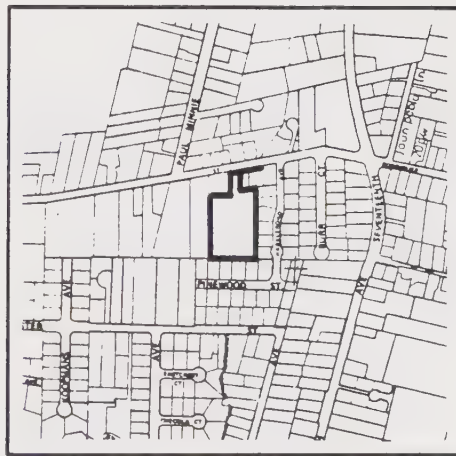
Back portion is developable. Public Transit Access is good. This parcel is adjacent to Green Acre School and has fair access to shopping.

	LOCATION	APN	GENERAL PLAN DESIGNATION	APPROX. # ACRES	APPROX. UNIT CAPACITY
5.	Live Oak	26-041-39	Urban Medium	2-1/2	22-36



Access to this level and developable parcel is from 17th Avenue. Public Transit Access is good, school and shopping access is fair. There may be a water drainage problem due to the low elevation of this parcel.

6.	Live Oak	26-121-73	Urban Low	2	4-17
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Access to this level parcel is from Rodriguez. There is a drainage way along the east border of the parcel. Public Transit Access is good, school and shopping access is fair.

	LOCATION	APN	GENERAL PLAN DESIGNATION	APPROX. # ACRES	APPROX. UNIT CAPACITY
7.	Live Oak	29-05-05, 13, 37	Urban Medium	9.2	80-134



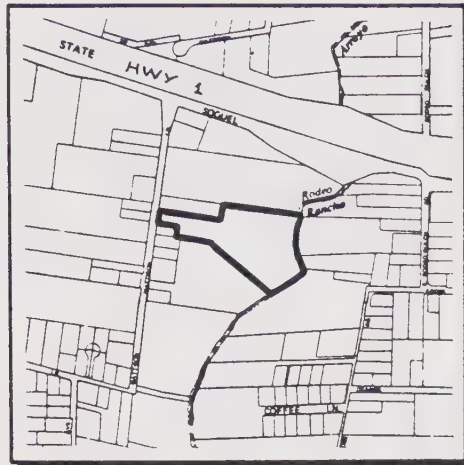
One of these parcels (29-05-05) is partially developed with a residential care home and a single family residence. The parcels have direct access from Mattison Lane and parcel 29-05-05 has access from the end of Muriel Drive. Public Transit Access is good, school and shopping access is fair.

8.	Live Oak	27-051-25	Urban High	1-3/4	25-38
		27-051-29	Urban High	1-1/4	47-71



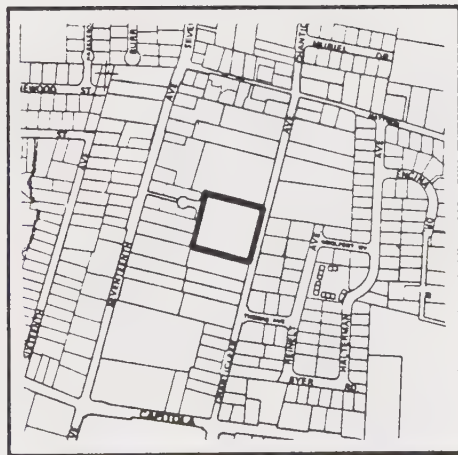
Access to these level parcels is from 7th Avenue. Both parcels are bordered to the north by railroad tracks which may present a noise impact problem. Public Transit Access is good, shopping access is fair.

	LOCATION	APN	GENERAL PLAN DESIGNATION	APPROX. # ACRES	APPROX. UNIT CAPACITY
9.	Live Oak	29-031-06	Urban Medium Urban Open Space	3 1	26-44 *



This level parcel backs up to a riparian corridor and is adjacent to a commercially designated parcel. Public Transit Access, shopping and school access is fair.

10.	Live Oak	29-071-23	Urban Low	2	4-17
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Access from Chanticleer Avenue level. Public Transit Access is good, school and shopping access is fair.

	LOCATION	APN	GENERAL PLAN DESIGNATION	APPROX. # ACRES	APPROX. UNIT CAPACITY
11.	Live Oak	29-111-04	Urban High	2	29-44
		29-111-47	Urban High	6	87-131



This is currently an operational nursery (Begonia Gardens). Very level with good access from Capitola Road. Good Public Transit and school access and fair shopping access.

12.	Live Oak	29-141-15	Urban Medium	2	17-29
		29-141-17	Urban Medium	1-3/4	15-25



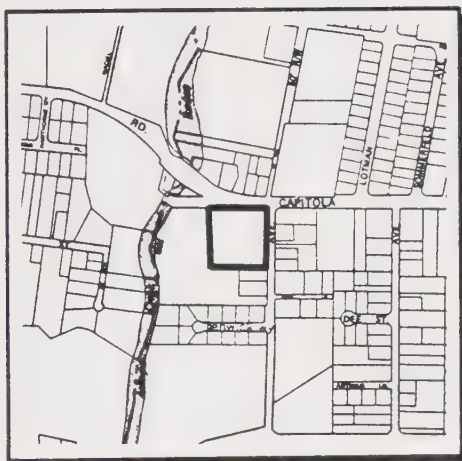
These are both level, underutilized parcels. There is one house at the front of each and there is access from both Capitola Road and Begonia Place. Good Public Transit and school access and fair shopping access.

	LOCATION	APN	GENERAL PLAN DESIGNATION	APPROX. # ACRES	APPROX. UNIT CAPACITY
13.	Live Oak	29-201-04	Urban Medium Urban Open Space	2 3/4 1/4	24-40 *



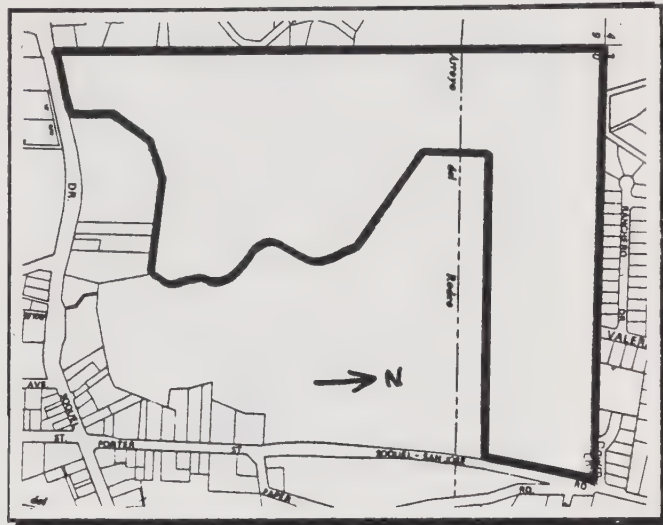
There is one existing residence on this wooded parcel and direct access from the end of Ivy Lane. Due to the natural characteristics of the site (vegetation and slope careful consideration of project design must be given.

14.	Live Oak	31-091-02	Urban Medium	2-1/4	20-33
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This is a fairly level parcel with the western third sloping into a riparian corridor. Public Transit and school access is good, shopping access is fair.

	LOCATION	APN	GENERAL PLAN DESIGNATION	APPROX. # ACRES	APPROX. UNIT CAPACITY
15.	Soquel	30-011-24	Urban Medium	35 17	305-508 48-192



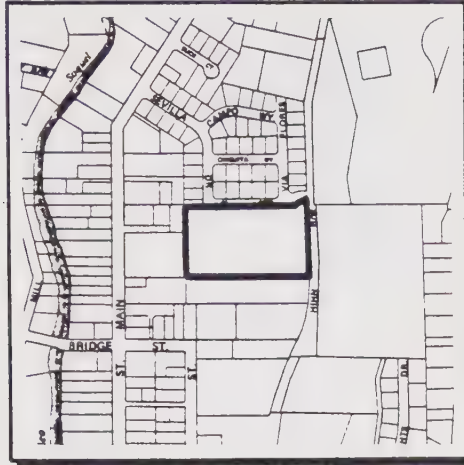
Revocation of specific plan amending the 1980 general plan for this parcel is in process thus development potential is unclear.

16.	Soquel	30-011-26	Urban Medium	7	61-102
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Due to the location of this parcel, special consideration should be given to design. The front portion has a slight grade and the rest is level. This parcel has an existing historical structure which is protected by current policy.

	LOCATION	APN	GENERAL PLAN DESIGNATION	APPROX. # ACRES	APPROX. UNIT CAPACITY
17.	Soquel	30-041-13	Urban Medium	5-1/2	48-80



Access to this level parcel is from Sevilla Drive. A low density senior housing site would be compatible with surrounding neighborhood.

18.	Soquel	37-061-04	Suburban/ Urban Reserve	11	*
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About one half of this large parcel is outside of the Urban Service Line. Access to this level parcel is from Cunison Lane. There are existing houses on the lot.

	LOCATION	APN	GENERAL PLAN DESIGNATION	APPROX. # ACRES	APPROX. UNIT CAPACITY
19.	Soquel	37-101-11	Urban Medium	3	26-44
		37-101-12	Urban Medium	4	35-58



Both parcels are level and developable. Public Transit, school and shopping access are good. Access is from Soquel Drive and Cunningham Lane.

20.	Soquel	37-191-01	Urban Low	1-1/2	3-13
			Urban Open Space	1/4	*
		37-191-13	Urban Low	3-1/2	8-30
			Urban Open Space	1-3/4	*



Both level parcels with access from Soquel Drive. Public Transit Access is good, school and shopping access is fair.

	LOCATION	APN	GENERAL PLAN DESIGNATION	APPROX. # ACRES	APPROX. UNIT CAPACITY
21.	Soquel	37-211-45	Urban Medium	2 1/4	20-33



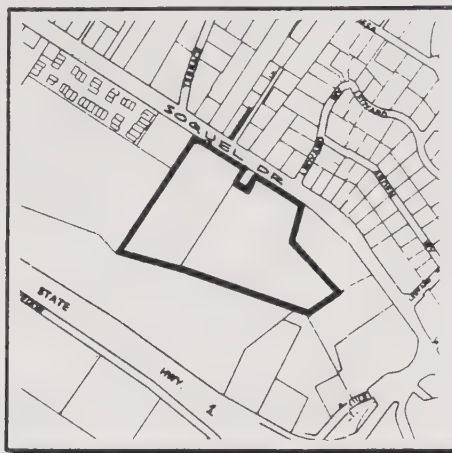
The back portion of this parcel is fairly level with one existing residential structure at the front of the parcel. The slope at the front of the parcel may be a development constraint.

22.	Aptos	39-191-31	Urban Medium	3	26-44
			Urban Open Space	3	*



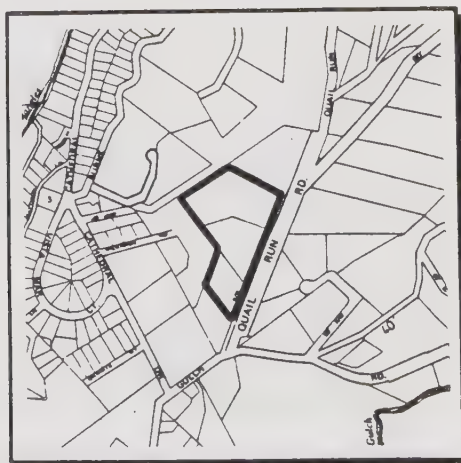
One half of this parcel is developable. It is mildly uneven and has access from Mar Vista. Highway noise may be an impact. Good public transportation and school access, fair shopping access.

	LOCATION	APN	GENERAL PLAN DESIGNATION	APPROX. # ACRES	APPROX. UNIT CAPACITY
23.	Aptos	39-201-13	Urban Medium	5	44-73
		39-211-14	Urban Medium	6-1/2	57-94



Both parcels are level with existing greenhouses. Highway noise may be an impact. Public Transit and school access are good, shopping access is fair.

24.	Aptos	40-231-20	Urban Medium	2-1/4	20-33
		40-231-51	Urban Medium	1	9-15
		40-231-05	Urban Medium	1-1/2	13-22



All fairly level lots with access to Quail Run Road. PT, school and shopping access all good.

	LOCATION	APN	GENERAL PLAN DESIGNATION	APPROX. # ACRES	APPROX. UNIT CAPACITY
25.	Aptos	40-261-02	Suburban/Urban Reserve	29-1/4	*
			Suburban Residential	3/4	*
			Rural Residential	2	*



This is a large, sloped, gently rolling parcel. It is sparsely wooded and has access from Trout Gulch Road. School and shopping access is fair. Public Transit access is poor.

26.	Aptos	41-011-05	Community Commercial	2 1/2	*
		41-011-02	Community Commercial	4	*



Potential for densities up to those of surrounding parcels on these community/commercial designated lots if the General Plan is amended.

	LOCATION	APN	GENERAL PLAN DESIGNATION	APPROX. # ACRES	APPROX. UNIT CAPACITY
27.	Aptos	41-201-04	Agriculture/ Urban Reserve	62	*



Large development potential on this parcel if the General Plan can be amended.

28.	Aptos	44-011-44	Urban Low Urban Open Space	11 5	24-96 *
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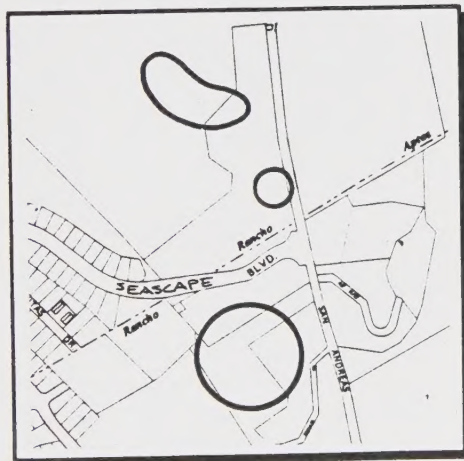
This parcel is mostly level with a moderate slope at the west side. Access from Rio Del Mar and Robin Drive (alternate Fire Road). Good access to Public Transit, schools, and shopping.

	LOCATION	APN	GENERAL PLAN DESIGNATION	APPROX. # ACRES	APPROX. UNIT CAPACITY
29.	Aptos	38-081-32	Urban Medium	7	61-102



This parcel is level with good access to McGregor and to the freeway (Highway 1). Good access to Public Transit, fair access to schools and shopping.

30.	Aptos	54-161-39(A)	Urban Medium	2	17-29
		54-261-06(B)	Urban Medium	3	26-44
		54-261-07(C)	Urban Medium	4	35-58



Fairly level parcels. Public Transit and school access is good. These sites are listed on the Local Coastal Program/Land Use Plan as affordable housing sites.

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